

CLAN LINES YALUMBA

Margaret Rand speaks to Robert Hill Smith
about horses, cricket, and life at the helm of Australia's
oldest family-owned winery

If Robert Hill Smith had a motto, it could be *post hoc, propter hoc*. Because he now owns Yalumba; because he staged a takeover—which could also be described as an ambush—of the other shareholders some 20 years ago, therefore that was what he always intended. As a small boy, riding his pony along the beach, he was secretly plotting his moves.

Such, anyway, is sometimes suggested. It's not so, he says. What he was actually doing when he was riding his pony in those early years, when he was too young to look like Robert Redford (now he looks more like Redford than Redford himself does), was getting asthma from his pony; it's a curious fact that both he and his brother, born to a horsey family, are allergic to the creatures. He's given up riding now but still breeds horses, and of course the other thing he does is make wine. He muses that planting vines and breeding horses, are, for somebody as impatient as he, "the most masochistic pursuits in the world."

Windy weather

The Hill Smiths are a clan. Robert's father Wyndham had taken over the company when his older brother Sidney was killed in a plane crash in 1938. Wyndham, known as Windy, was a notable cricketer, and Wyndham's uncle, Clem Hill, was even better; one of the other things the young Robert was doing, cantering along those beaches, was dreaming of playing in the Australian test-cricket team. The family lived in a compound that Robert's cousin



Samuel Smith, founder and managing director of Yalumba Wine Company (1849-1888)

Michael Hill Smith describes as "quite feudal. Everyone lived on the property, and everyone knew what you were up to." They were the sixth generation, and by this stage there were rather a lot of them. Robert describes Yalumba at this time as "a lifestyle business, not one based on wealth creation. We had years of profitless prosperity."

It must have been agreeable enough, though. Windy was a leading amateur jockey, says Robert, "well known as the owner of a number of good horses. He had a good eye, on a budget." His mother was a keen racing fan from Melbourne who was unusually fond of cooking tripe. "She used to cook offal three times a

week. She'd say, 'You're not going to like this, but...'"

Neither Robert nor his cousin Michael had any great ambition to join the family wine company. Michael was focused on food and wanted to open a restaurant; Robert, until he was about 15, thought—insofar as he thought about it at all—of being a farmer or a fireman. He came to ambition relatively late, he says.

Enter the family company he did, however, as did Michael. Robert was not seeking responsibility, but the jobs came to him. He worked in exports and took over as marketing manager in his late 20s; when he was 34 he "reluctantly" took over from Michael's father as chairman. This was in 1985, and these were tough times in the Australian wine industry. Family companies were falling like ninepins as Australian wine rearranged itself into four big groups: Southcorp, BRL Hardy, Orlando Wyndham,

and Mildara Blass. Yalumba, already with a reputation for innovation, and with its own distribution company, *Negociants*, could nevertheless have gone the same way.

Robert, however, is impatient—and, says his wife Annabel, opinionated, forward-thinking, and determined. He'd already decided that he loved wine (his father drank Dewar's Scotch for preference) and that if he was going to do something with the company, he didn't want to be undermined by other shareholders. So he took unilateral action (or perhaps bilateral, since his brother Sam was also part of it). "On October 10, 1989, I presented the terms of my offer to Michael and his family. It was a moment of such foreboding. It was resolved on June 6, 1990—D-Day. It was protracted and nerve-racking and not easy for family harmony." Robert couldn't have done it alone, because he and Sam (who is an art dealer) were both minority shareholders, and Robert couldn't have raised enough money to buy him out as well. As it was, he had to raise about 70 percent; if he'd bought out Sam as well, it would have been 85 percent. "I didn't actually consider it," he says. He adds that anybody else could have topped their bid and bought them out, but nobody did—an indication, he says, of who really wanted to drive it forward.

The Hill Smith look

A tough character, then. He seems laid-back, but maybe that's just because he's Australian. He's not one to suffer fools. (You get what Annabel describes as "the Bob Hill Smith look.") "He's never wrong," she adds. "He's not able to apologize. It's a Hill Smith trait." Robert has clearly heard all this before and protests that he's never completely wrong, that there are almost always mitigating circumstances. "He doesn't see it the way I see it," says Annabel. "After 21 years I'm starting to see that." Jane Ferrari, one of the Yalumba winemakers, also reveals, some time after my interview with Robert and Annabel, that in 1978, while still in his youth, Robert ran with the bulls in Pamplona—hence the name of the company's new Tempranillo, *Running With Bulls*. This says a lot about him—not least that he's always been quick on his feet.

So, Robert, what are your bad points? Impatience, he says—and, says Annabel, he doesn't do small talk. "Sometimes I can be arrogant; I'm always told I'm a bit arrogant. But I like real people—frank and no frills." Annabel adds, "Rob never blows his own trumpet."

Arguably he doesn't need to; his achievement in turning Yalumba around and ensuring its future as a family company by, paradoxically, removing most of the family speaks for itself. All family companies need this sort of pruning of shareholders periodically. Being proud of your heritage as Australia's oldest family wine company is one thing; being sentimental is quite another.

And it gives him the freedom to run Yalumba in an idiosyncratic way. It's not corporate, he says, and it's not about job specifications. "A lot of it is intuitive. It's about respecting people and backing yourself rather than hiding behind mission statements. It's the antithesis of most businesses of like size. But wine businesses should be like that."

Take discounting, for example. *Negociants* MD Brenton Fry says, "I've often said to Robert, 'We're under pressure in the UK to discount or lose the listing.' And he'll say, 'Don't discount; it'll be bad in the long term.'" He adds that Robert's cleverest decisions often don't seem commercial at the time. Even when there was no glut of Australian wine, Robert was determined to keep the stock-to-sale ratio under

control. Other less prudent companies went for broke and, well, went broke.

Local government

People seem to stay at Yalumba a long time: All the directors, says Robert, have been there since 1989. Brenton Fry says, "You work for a family company if you like long-term strategies." The wines that *Negociants* imports also tend to be from family companies: Guigal, Conterno, and others. It swaps Viognier clones from Guigal for Shiraz clones from the Barossa—it has had its own vine nursery since the 1970s. In fact, what Yalumba

reminds one of, more than anything else, is a large medieval or renaissance English country house; something on the scale of Knole, perhaps. (It lacks a deer park, but there are probably enough kangaroos around to fill the gap.) Or even an independent city-state. It has the air of being a self-contained community: It has its own coopers, it has its own sustainability program for recycling water and waste; it has its own wildlife sanctuary—122ha (301 acres) of it—and its own wildlife corridors between vineyards, so that native species may flourish and reduce the need for insecticides. It has its own restaurant, in which Robert early on installed a decent chef. You could live there and never go outside. Diplomatic contacts with the wider world are via *Negociants*: It can surely be only a matter of time before Yalumba declares independence. The illusion is completed by the old winery, looking like a cross between a railway station and a 19th-century prison. This place could take care of you for life.

Colonization

It even has colonies. There's The Menzies in Coonawarra, a vineyard that Robert bought with the proceeds of selling the fortified brands and stocks to Mildara Blass. He had to do this because the bank was getting fidgety in the early years after Robert's takeover. In any case, fortifications did not fit in with his vision of Yalumba as a top-quality table-wine company. There's Tasmania, where Yalumba owns Jansz, and now Dalrymple. Like a city-state, it has its eye on particular things it wants, and, says chief winemaker Brian Walsh, "the wish for a Pinot estate had been just at the back of our minds, especially Robert's mind [...]. We put up the white flag some years ago for Pinot Noir in South Australia. It's never going to be among the top 20 Australian Pinots. Those will come from Southern Victoria or Tasmania." Dalrymple, says Brian, "has made good Pinot, and it can do better if we throw a little bit of research at it. We took ownership just before the 2008 vintage, but we were in discussions before that, and we had a hand in putting the 2007s together." The vines are in good condition, he says, and the Chardonnay

that's already planted will do for sparkling base in the short term; in the longer term, it will be replaced.

Yalumba does have a bit of Sangiovese, and you'd think the Conterno connection might have inspired a desire to grow Nebbiolo, but Robert is no particular fan of either. Even Sauvignon Blanc is "low as a preference." Riesling, though, is high, and it's part of a search here for complexity, for terroir character. (Says Robert, "I've said in the past that terroir is a French excuse for making bad wine. I wouldn't say that now.") As senior winemaker Louisa Rose remarks, "We're trying to get away from predictability toward more texture."

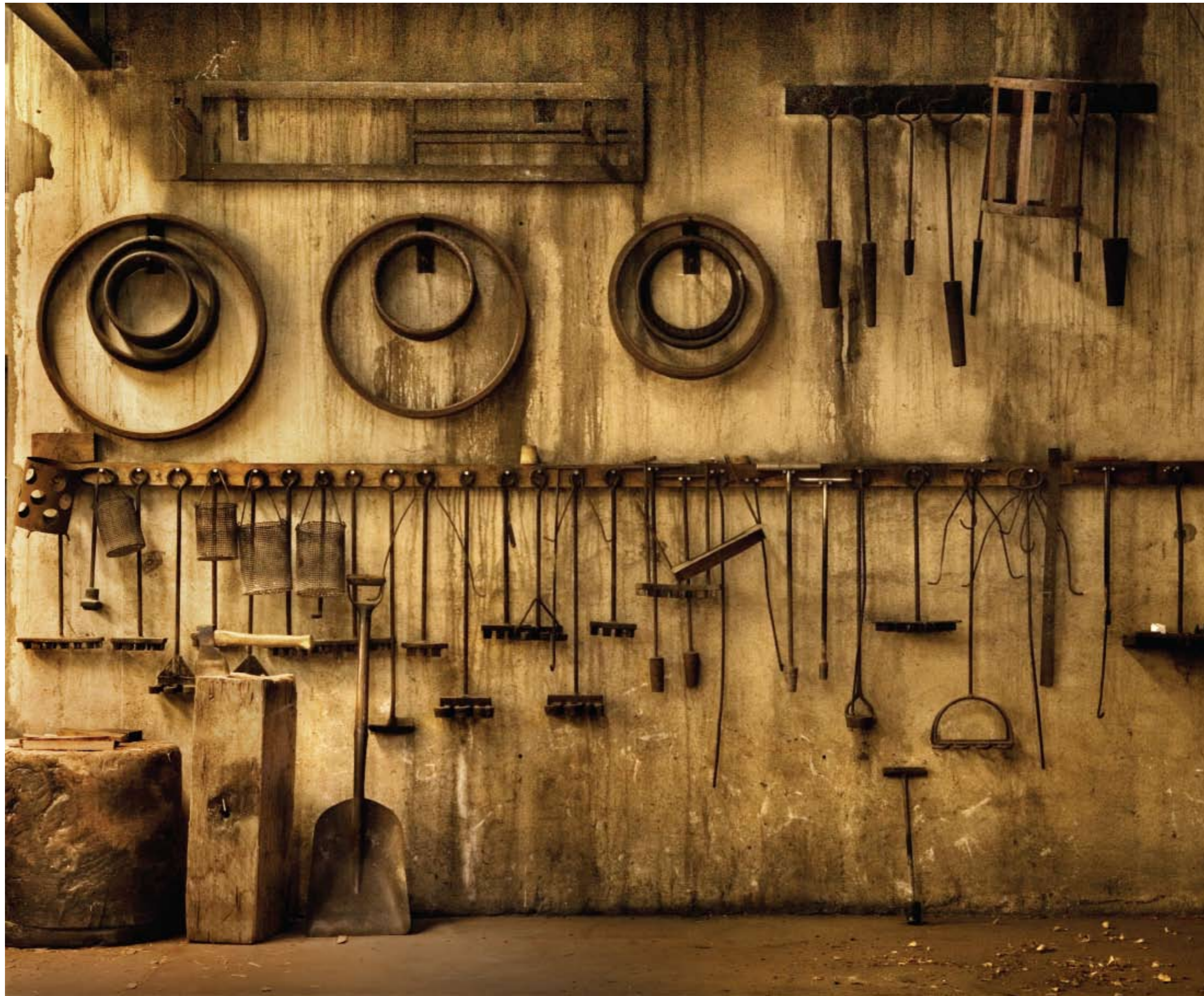
Again the analogy with the self-contained city-state, where everything is interlinked, pops up. "Environmental concerns are part of wine quality now, as are concerns for the workforce and the community. It's all part of a culture," says Brian Walsh. "We don't reckon to do it for the economic benefits, but you can make an economic case for it. That makes it more sustainable in the long term [...]. We have to determine whether we are making a wine with more sense of place and vivacity with organics and/or biodynamics." They're not actually all that big on organics; they certainly encourage growers who want to go more organic, and they now have three organic wines, all from growers. But sustainability, rather than organics, is really their buzzword.

A strong sense of place, however, as applied particularly to the Barossa, is one of Brian's biggest current preoccupations. He's chairing a committee that is investigating subregionality in the Barossa, and it started, as things can do, as something else entirely. It all began last summer, with an impending visit to the Barossa by a group of wine journalists. A committee was set up to decide what to do with them, and producers submitted samples for a tasting. The results were plotted on a map, and broad-brush subregions were suggested. "There were a lot of differences from north to south," says Brian. "So now we're working on mapping and on getting people happy with the concept without scaring them off." There are also trademark issues:



Robert Hill Smith and senior winemaker Louisa Rose in front of the iconic winery, which has changed very little since the early 20th century (opposite)

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Robert Hill Smith



Kalimna and Bethany may be obvious geographic names, but they're also trademarks. "We have a duty to explain all this," says Brian, of the soil and climate differences. "If a student of wine can get all that information about other places but not about Australia [...] it's time we put our collective heads together. I don't care how long it takes; we're not being prescriptive, and we're not obsessed with boundaries on a map, but rather with what an individual site might deliver."



Left to right: Yalumba chief winemaker Brian Walsh, Robert Hill Smith, and his brother Sam Hill Smith, the latter two owners of the company since 1990

Bloodlines

And what next? Robert was 57 last birthday, and says he doesn't want to work for more than a few more years. His three daughters are not yet out of their teens. "It could be good to have a non-family CEO," muses Annabel. "The company does find it daunting," admits Robert. What he might find hardest is actually letting go of the reins. "I may not be very good at the role of a traditional chairman, which is all about delegating." A "micromanager" is how Brenton describes him: "He's not one to retire properly." He adds, only faintly caustically, that if Robert were to stop checking everything, he could retire tomorrow.

And there would still be the horses. Robert now has eight brood mares and some fillies, about 20 in all. He sells the colts and keeps the fillies, in order to improve the bloodline. He describes them (in English racing terms) as more Pontefract than Ascot, which might hurt their feelings a little if they knew, though we met on the eve of the Melbourne Cup, and none of them was running that year.

But Robert is, as Annabel rightly remarks, extremely determined. If he really wants those horses to be Ascot, Ascot they will be. Asthma or no asthma. ■