



## Forward planning is key to progress

One of the things I find hard to do in business is lift myself away from the day-to-day and concentrate on long-term planning. Fortunately it is part of my job description – however, the temptation to manage today's problem, to fight the fire of the moment, is often overwhelming.

Planning a future that needs to factor in all known information, plus a load of unknown factors, is headache-inducing stuff at the best of times. And at the worst of times – which, judging by the daily catalogue of economic woe, financial meltdown and general discontent one sees in the media I would guess is right about now – the fire-fighting tendency is inevitably dominant. The thought of planning a future which involves grappling with the worst recession in many decades doesn't exactly appeal.

Yet if there is a positive lesson to take from the unfolding global financial disaster and the apparent inability of politicians to either anticipate such problems or to act with anything approaching foresight, it is that long-term planning is, well, quite useful and worthy of a bit of applied brainpower.

### In a bit of fix

These thoughts came back to me again last week as I watched the new US president stand up in front of millions of spectators and make pretty much the same point. Despite our best intentions, it's now well accepted that we find ourselves in a bit of a fix on so many fronts – economic, social, political and environmental – that a sort of let-the-market-figure-it-out answer isn't going to wash.

Of course, agreeing that long-term thinking is a Good Thing in principle and actively practising it are two very different things entirely.

It is at this point that my thoughts turn to the wine industry. I have lost count of the meetings, seminars and conferences I have attended where discussion has been dominated by some or all of the following subjects: inherent structural problems of supply and demand; the environmental cost of wine production; the lack of market understanding and the miserable prices most producers seem to get for their products. And despite these often constructive debates, we as an industry still operate without anything approaching a vision for how to resolve these fundamental issues.

Does it have to be this way? I wonder.

### It is becoming apparent that the world has been sleepwalking into trouble for a decade



We don't have to look far for reasons why the wine industry doesn't quite work as it should. More wine is produced than global consumers actually need, making it a permanent buyer's market for wine. This allows intelligent supermarket buyers to get great quality products at knock-down prices. So while this may help retailer margins now, it is not a recipe for a sustainable industry.

The quality of wine produced has gone up in general, but consumers still struggle to understand why two similarly-priced bottles that say "Bordeaux" can be so different in style and standard. Most consumers use price as a proxy for quality, yet the wine industry is merrily undermining this relationship by marketing products at daftly high prices so

they can later be put on half-price promotions.

Perhaps most troubling of all, I get the sense that it is still acceptable practice in some quarters of our industry to behave as if the market in general, and consumers in particular, are at best peripheral (and at worst irrelevant) in the business of making and selling wine. There are some notable exceptions of course, who are trying to make up the industry's large historical deficit in market orientation, but a quick glance at other industries suggests that when it comes to consumer understanding, we are still on the nursery slopes.

So how does this long-term planning game work? It needs to start with diagnosis – an industry-wide acknowledgement of the problems we face. The next stage is to set out a clear set of strategies to address these problems. The third and fourth steps are of course where long-term planning tends to come unstuck: getting everyone to agree and sign up;

and then actually doing what you say you will do.

From my conversations with industry leaders, there is no shortage of diagnosis and there are some good ideas for treatment. What appears lacking is that collective willingness and focus, and it seems we are not alone.

### Caught napping

It is becoming increasingly apparent that the world has been sleepwalking into deeper trouble for the past decade or so, without much action from leaders of political or business hue. This deficit in long-term thinking is what President Obama so successfully exploited in his remarkable journey to the White House.

The wine trade is a more modest proposition of course, but we too need our Obama moment – the confluence of industry opinion into a sensible and achievable action plan to restore sense and sustainability to how we do business. Can we do it?