

Food

A FASCINATING, DETAILED LOOK AT THE MONDAVI DYNASTY SAGA

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Much of the Robert Mondavi story is well known: The son of Italian immigrants works to build the reputation at his family's Napa Valley winery, Charles Krug, only to get fired at the age of 52 after a fistfight with his brother. He starts his own eponymous winery, becomes enormously influential in the California wine industry, takes his business public and eventually loses control of it.

But those are just the broad strokes, the sometimes prettified tale that has become part of California wine legend. There was a lot that went on in courtrooms, boardrooms and family living rooms that most people didn't know.

That's where Wall Street Journal writer **Julia Flynn Siler** comes in. She has crafted a meticulously reported account, "The House of Mondavi: The Rise and Fall of an American Wine Dynasty" (Gotham Books, 452 pp., \$28), that is an eye-opener, even for people like me who follow the wine industry. In particular, her reporting on the events of 2004 -- when the Mondavi family lost control of the business and it ultimately was sold to Constellation Wines -- is riveting.

Flynn Siler first waded into the story for a Wall Street Journal article published in 2004, after Robert Mondavi's oldest son, Michael, had been ousted as chairman of the publicly traded Robert Mondavi Corp. She wrote about how Michael and his brother Tim were paralyzing the company with their squabbles, in much the same way their father had done with his own brother, Peter, when they worked together at Krug.

Flynn Siler said in an interview that a publisher approached her after reading the article and said the tale would make a great book. She agreed and embarked on a project that involved more than 500 hours of interviews with more than 250 people. She also scoured corporate and court documents (including 10,000-plus pages from the 1972 lawsuit filed by Robert against his brother, Peter, and mother, Rosa, after his ouster from Krug).

"House of Mondavi" takes readers through Robert's upbringing, the early days at Krug and his frequent clashes with his brother, culminating in the famous fight and subsequent maneuvering by Peter to cut Robert off from his financial stake in Krug. The author tackles a subject that could have been tedious -- the lawsuit brought by Robert -- and brings it to life by focusing much of the attention on the family drama and on the colorful characters who took part in the case, including attorney Joseph Alioto, who represented Peter and Rosa and later went on to be mayor of San Francisco, and Robert's lawyer, John Martel, who moonlighted in a rock band.

Meanwhile, Robert had founded his own winery and dreamed of a family dynasty. Michael, Tim and Robert's daughter, Marcia, all had roles in the company. But the family squabbles continued with the younger generation. Robert frequently criticized his sons, and the relationship between Michael and Tim grew strained. Marcia moved to New York, where she was the winery's eastern sales director, to get away from the tension. The family turmoil was exacerbated by the relationship between the still-married Robert and winery employee Margrit Biever, whom he would eventually marry. Details of the Robert-Margrit relationship provide a bit of titillating soap opera to the whole saga.

The Mondavis probably sowed the seeds of their company's downfall when they decided to take it public in 1993. The family needed to raise money to replant vineyards that had been devastated by the tiny root louse called phylloxera; they also saw going public as a way to avoid some of the problems associated with inheritance taxes when Robert died. The Mondavis thought their role was secure because they were issued a more powerful class of stock that gave them additional votes.

Nevertheless, Flynn Siler said the story might have turned out better if the family could have found another way to raise capital. "Going public exacerbated the fault lines," she said in the interview.

Rapid expansion in the 1990s, an ill-fated project with Disney, bad reviews for the Napa Valley wines and competition from extreme-value wines depressed the stock price. This led to Michael's ouster as chairman by the board of directors. But the depressed stock price wasn't just a problem for Wall Street. One of the book's biggest revelations is how the stock price was a crisis for Robert himself. When the stock was trading at a higher price, he had pledged several very large charitable donations, including \$35 million for the University of California-Davis. If the stock didn't recover, Robert wouldn't be able to meet those obligations.

The board of directors used Robert's financial straits to pressure family members to convert their more powerful shares to regular shares in return for a large financial payout. The result was that the family no longer had enough votes to control the company. Flynn Siler quotes Tim Mondavi: "We felt the directors were holding a gun to our father's head and asked us to pull the trigger. I could not run the risk of his bankruptcy, even if he would have."

With the Mondavis essentially out of the picture, the board put together a plan to spin off the high-end properties, like the Robert Mondavi Winery, and keep only the cheaper "lifestyle" brands, known as Woodbridge and Private Selection. The once-proud Mondavi name would now grace a company that produced only mediocre wines. That plan didn't go through, however, because the Robert Mondavi Corp. was bought by Constellation, the world's largest wine company. All the machinations are covered in detail by Flynn Siler, who turns what could have been pretty dry stuff into a tale of palace intrigue.

When Flynn Siler wrote her Wall Street Journal article, Michael, Tim and many Mondavi loyalists refused to speak to her. Flynn Siler says now that it was hardly surprising because of all the maneuvering that was going on out of public view. At first the Mondavi sons declined to talk for the book, but after Flynn Siler interviewed some other key players, Michael and Tim wanted to "have their perspective included as well," she said. Michael, in particular, is very candid about his strained relationship with his father and his siblings and his feelings about what happened at the company.

Flynn Siler's reporting is impeccable and extensive. She doesn't clutter the text with footnotes, but a 37-page section at the back of the book provides attribution for numerous passages.

Ultimately, Flynn Siler said, she sees Robert Mondavi, now 94, as the hero of the book, despite what happened to the company (whose sale, she points out, made the family members very rich). Robert, she noted, was banished from Krug and started over with nothing, building "an enterprise that sold for over a billion dollars."

"There are shades of gray in every single one" of the book's characters, she said. "I think if there's one hero, it's Robert Mondavi."

WINE

Photos (4) | PHOTO: FLYNN SILER
WALL STREET JOURNAL REPORTS IN 2004 EVOLVED INTO THE 2007 BOOK.
PHOTO: ERIC RISBERG -- ASSOCIATED PRESS ARCHIVES
Margrit Mondavi became the wife of Robert Mondavi, right, after an affair that elicited much gossip.
PHOTO: ERIC RISBERG -- ASSOCIATED PRESS ARCHIVES
Deposed leader Michael Mondavi became candid about family discord.
PHOTO: PETER DASILVA -- NEW YORK TIMES
Trying to salvage family legacies, Tim Mondavi fought the corporate hierarchy.
PHOTO: **Julia Flynn Siler**'s book expands on widely known Mondavi legends.

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THE POUR
Dining, Dining Out/Cultural Desk; SECTF
Grapes and Power: A Mondavi Melodrama

By ERIC ASIMOV
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CALL it Greek tragedy or Shakespearean drama, Biblical strife, Freudian acting out or even soap opera. You wouldn't be exaggerating, and you wouldn't be wrong.

The rise and fall of the Mondavi family's wine business, fueled by overreaching ambition and struggles for power, pitted parent against child and brother against brother.

Years of battle would settle into seeming resolution, only to burst forth again as stubborn pride and hubris could not be contained. The cycle would be repeated with a new generation. Sisyphus, maybe? You be the judge.

The sweeping story of the Mondavis' ascent has been told many times, but never in as clear and detailed a fashion as in a compelling new book, "The House of Mondavi: The Rise and Fall of an American Wine Dynasty" (Gotham Books, \$28), by **Julia Flynn Siler**, who writes for The Wall Street Journal from northern California.

Ms. Flynn Siler builds to the almost startling denouement in which the Mondavi family loses control of the Robert Mondavi Corporation, arguably the most influential wine company in recent American history and an American attempt to build a wine empire on the order of the Rothschilds and the Frescobaldis.

She tells how a company that seemed to be takeover-proof was pried, finger by finger, from the grasp of the Mondavi family and sold from under them.

While the temptation for flashy imagined melodrama must have been great, Ms. Flynn Siler wisely resists.

Ms. Flynn Siler pored through tens of thousands of legal documents and talked at length and on the record with more than 250 people, including all the living major characters. She did speak with the man who is the center of the story, Robert Mondavi, three years ago. But Mr. Mondavi, who is now 94, could no longer recall events clearly, and she did not use material from that interview. The Mondavi saga is a purely American story of ambition unleashed by democracy, layered with sanctimony and hypocrisy.

Robert Mondavi's parents, Cesare and Rosa, arrived penniless at Ellis Island from Italy in the first decade of the 20th century. Settling first in Minnesota and then in California, the family achieved an almost unthinkable prosperity within 20 years as Cesare established a wholesale business for grapes and other fruit, and, after Prohibition, entered the wine business.

He was able to provide Stanford educations for Robert and his younger brother, Peter, and bring them into his business.

Robert's character was established early on. He was a charismatic, hard-driving perfectionist who could not contain his criticism, particularly of his family, if they did not measure up to his standards. "My father never had an excess of sensitivity," was his son Michael's understated assessment.

He did have ambition and worked incessantly. Even on his honeymoon he spent time visiting business accounts. In 1943, he and Peter together persuaded their father to buy the Charles Krug Ranch, a vineyard and winery that had been established in Napa Valley in the 19th century but that had largely been abandoned. Their father's condition: the two brothers must work together.

Well, we all know how that worked out. Cesare died in 1959 and by the early 1960's, after years of bickering and disagreements, the two brothers famously came to blows. Out of that battle their mother, Rosa, lined up

behind the steadier, less ambitious Peter, and Robert, then in his early 50s, and his family were exiled from the business.

On his own, Robert, aided by his children, Michael, Marcia and Timothy, created the Robert Mondavi Winery, arguably the single most important event in the recent history of the California wine industry. From its first vintage in 1966, the Mondavi winery stood for everything Napa Valley hoped to become.

Until then, fine wine had been largely an afterthought in California. Since Prohibition the industry had been dominated by cheap jug wines and sweet fortified wines that packed a punch.

But Robert, with his vision and determined salesmanship, insisted that Napa Valley wines could stand with Europe's best. If he did nothing else, Robert inspired a generation of winemakers to think in terms of greatness, but he also took Bordeaux for his model and adapted its methods. He hired talented winemakers like Warren Winiarski and Mike Grgich, who would eventually achieve their own great Napa Valley successes.

But some of the more ambitious people he hired did not stay for long. They could see that the best jobs had been reserved for Robert's children, particularly Michael and Timothy. Marcia, too, would eventually join the company, but Michael and Timothy were the heirs, and Robert, like his own father, wanted the brothers to work together.

Meanwhile, Robert's dispute with his mother and brother had risen into a full-blown court battle. Ms. Flynn Siler's recounting of this story is absorbing, filled with details like Robert pacing his house the night before he was to testify, repeating to himself: "Only the strong survive. Only the strong survive."

With a court victory, Robert began a program of prolonged expansion, buying vineyard land and wineries throughout California. He forged alliances with Mouton-Rothschild, and together they started Opus One.

Then, the son of an Italian sharecropper went into business with the aristocratic Frescobaldi family. Only in America.

Meanwhile, the Peter Mondavi family and Charles Krug struggled for years to escape the debt burden brought on by the court case.

But prosperity could not reconcile the competing voices of the next Mondavi generation. Michael and Timothy Mondavi were placed in competing roles to see who would take charge of the company.

Michael wanted to emphasize mass-market and lower-priced brands, while Timothy thought the focus should ever be on the Mondavis' finest wines. Meanwhile, Robert would cruelly and publicly put down his sons.

While fisticuffs might have been customary for an older generation, the younger Mondavis did what came naturally to their generation: they hired psychotherapists to advise them on how to get along better as a family and as a business.

In the early 1990s the free-spending Mondavis took the company public, with a two-tier stock plan ensuring control by the family, if it voted together. This echo of Cesare's admonition to Robert and Peter seemed unnecessary at the time; the Mondavis were riding high. But overexpansion proved fatal. Aside from the confusion caused by so many wines at so many levels that bore the Mondavi name, the company made a series of bad investments.

Their wines, too, seemed to be suffering. While most of the company's money was made selling mass-market wines, its best cabernets were considered to be among Napa's elite and were an important source of pride to the family.

I've recently had Mondavi cabernets from the 1970s and 1980s and they are still wonderful.

But as the new century began, critics like Robert M. Parker Jr. and James Laube lambasted the elite Mondavi wines. Styles had changed, and the critics preferred the riper cabernets of cult producers like Screaming Eagle, while Mondavi clung to a leaner, Bordeaux-like cabernet style.

The criticism seemed to leave the Mondavis befuddled. They defended the wines, but also hired the consultant Michel Rolland, whose style was closer to Mr. Parker's preferences.

Robert, by now in his 80's, had withdrawn from day-to-day management and with, with his second wife, Margrit Biever, devoted himself to philanthropy. Sizeable pledges to Copia, the American Center for Wine,

Food and the Arts, were followed by a \$35 million gift to the University of California at Davis.

The problem was that the gifts were supported by Mondavi stock, which was by then plunging. With Robert facing insolvency and the humiliating prospect of being unable to make good on his promises, he lashed out at his sons, and they at each other. Using Robert's troubles as a wedge, and playing the siblings against each other, the Mondavi board forced the family to hand over power to them.

It was not so long afterward that the company was sold, to Constellation Brands, a family company that, unlike Mondavi, had achieved sibling and intergenerational accord. The visions of an aristocratic dynasty were misplaced. What the free market giveth, it taketh away.

If nothing else, the Mondavis walked away from the sale with millions of dollars in their pockets. Whether they have learned any lessons will be apparent soon enough.

Timothy Mondavi has gone into business with his sister, Marcia, and Robert and Margrit to produce a high-end cabernet, Continuum, to be released in 2008.

Michael has established Folio Fine Wine Partners, an importer, consultant and producer, with his wife, Isabel, and their children, Rob and Dina.

Will Sisyphus finally roll that boulder over the hill? Stay tuned.

Photos: (Photograph by Gotham Books)(pg. F1);HE CHANGED IT ALL Robert Mondavi, the wine visionary, in a 1988 photo.(Photograph by Ed Kashi/Corbis)

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