

DOUBLE DEUTSCH

From origins in a Chappaqua garage 30-plus years ago comes a father-and-son-led wine and spirits importer that's risen to No. 1 in the US.

Some people would dread the idea of having to work with their father. But for Peter Deutsch, it's been a blessing to work side-by-side with his dad, William (Bill), for the last 28 years. "Sometimes a family business works and sometimes it doesn't. It's up to the family and the personalities to make it work," Bill says. "For all of these years, we have had no difficulties making it work."

The soft-spoken but formidable 77-year-old patriarch is the founder and chairman of the White Plains-based Deutsch Family Wine & Spirits, which imports and markets wines and spirits from family-owned producers worldwide. In fact, since Bill started the business in his Chappaqua garage in 1981, it has grown to be the No. 1 (in volume) imported wine company in the US, with 35 brands, like Barone Fini from Italy and The Crossings from New Zealand, among others.

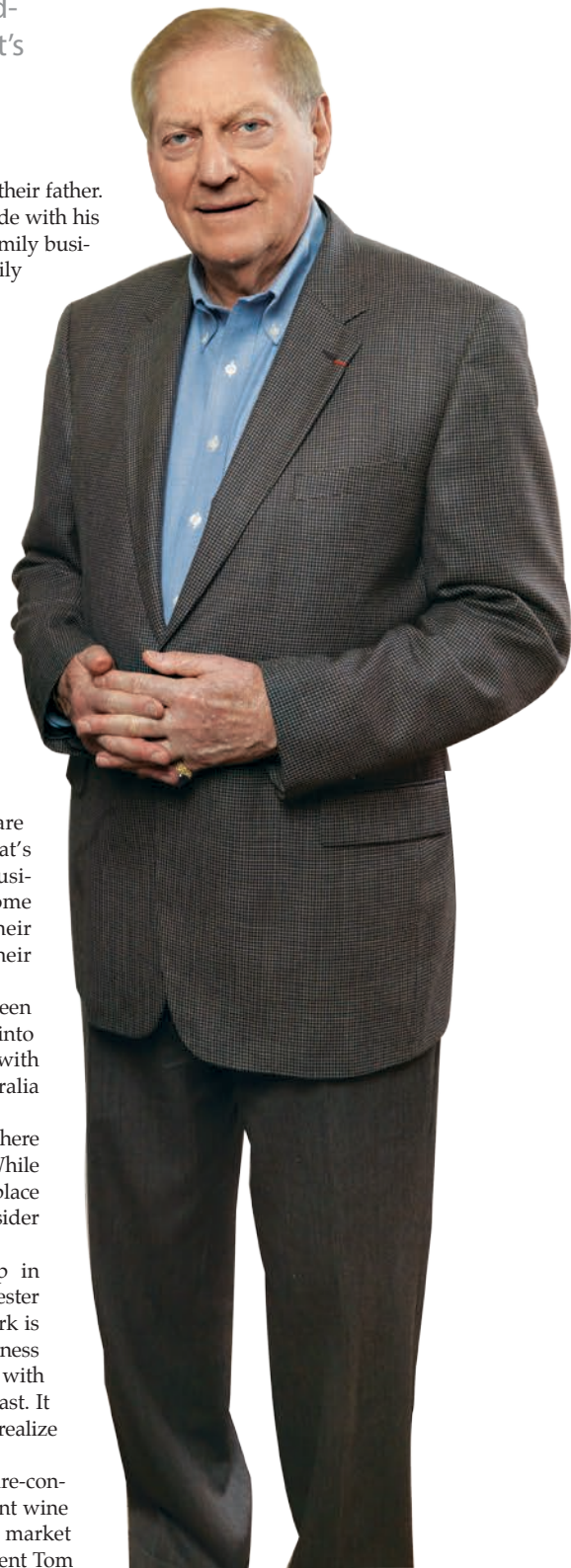
Peter, 51, now the CEO of the company, says their collaboration works, largely because they are on the same page. "On the big-time issues, we have a similar thought pattern 99 percent of the time," he explains. "Early on in the business, on the secondary issues, I would say Dad had the last word, but today he has confidence in me to make those decisions, and those are important decisions for me to make because that's how I am going to learn. I think family businesses work when the different members come together and understand the reality of what their contributions are to the company and then their value is determined by their contribution."

It's a formula that clearly works. Peter has been credited for turning France's Georges Duboeuf into the No. 1 selling Beaujolais in the country, along with making the ubiquitous Yellowtail wines from Australia the No. 1 imported brand in the US.

Even though they could, theoretically, be based anywhere in the world, the business has remained in Westchester. While it is a geographically desirable location, it is mainly a place where they have built the company with a staff they consider part of their extended family.

"Our roots are here," Peter explains. "We grew up in Chappaqua. Today, Dad and I live in Connecticut, but Westchester is where our roots are and it's a familiar place. And New York is a great market to be near. Initially, a large portion of our business was imported wine that was mainly sold on the East Coast, with a heavier concentration of domestic wine sold on the West Coast. It was all of those variables that had us decide to stay put and realize Westchester was a great central hub for the business."

Not many corporate offices can boast their own temperature-controlled wine cellar or a conference room that is shaped like a giant wine cask. Employees also proudly display the wines or spirits they market throughout the office. Sound like fun? It is, says company President Tom



Steffanci. "We are fortunate to work in a growing industry and even more fortunate to be gaining share and growing faster than our competitors," he says. "We have the best portfolio of brands that we've ever had and we have a smart, committed team of people working diligently to introduce our brands to more and more consumers."

And the company also offers other incentives for its staff, like scholarships open to every employee who has a child attending college and summer picnics at the beach for the whole family.

Deutsch applies something called the "Six P's" to decide who the company will choose to work with. The model, created by Bill, is a methodology used to determine who is likely to be a good fit and have the same family-oriented philosophy. "We are approached every day, every week, by a new supplier who would like to become a part of our portfolio," he explains. "We have found that by applying the Six P's—people, product, packaging, promotion, profitability, and potential—during an evaluation, you know whether or not to move ahead with that person and their wine or their spirits."

The system, says Bill, "has worked because so many of our existing suppliers have been with us for so many years. Occasionally, one of the P's changes—usually the P for 'people.' For one reason or another, that individual changes their way of life or psychology and it falls out of favor with us, and, in those instances, we will part company. It's not about money."

Peter concurs. "When the P of 'people' doesn't work, it is a short decision," he says. "Packaging you can fix, but people is a big one. Not every wine brand that we have launched over the years has been successful—no one bats a thousand. When we sit back and look at brands that didn't work and try to learn what didn't happen, more times than not, we come back to the evaluation of the Six P's and you find out that the brand that didn't have all six, and the ones that died a faster death had even fewer P's." According to Peter, it's possible to get wrapped up emotionally because you like the way a wine tastes or you like the label—but the consumer is a different animal. "It's important to have standards to objectively evaluate new opportunities on how you want to invest your time and money and, if you are lucky, you are investing time and money in brands that work."

To always remember the relationships that didn't pan out, those pictures or brand IDs unceremoniously hang in the executive bathroom. "It's a constant reminder to us and to all who visit us," Bill laughs. "We always remember them lest they be forgotten!"

Among the winemakers the company has successfully partnered with is California-based Joseph Carr, whose growing label, Josh, is named in honor of his father. Their partnership now makes contributions to families benefiting from Operation Homefront, the Gary Sinise Foundation, and some of the proceeds have even gone towards finding a cure for Alzheimer's. The Deutsch Company makes giving a priority and is also a well-known contributor to many Westchester charities, like Gilda's Club and Arc of Westchester's "A Matter of Taste," a food- and wine-tasting benefit. "They all seem to do the right thing for the right people and why shouldn't we be supportive if we can afford to do it?" Bill asks. "It gives you a great feeling of satisfaction."

They have also found a collaborator in CBS sportscaster Jim Nantz, whose wine, *The Calling*, developed out of a chance meeting with Peter. "In 2009, I had purchased a book Jim had written about his dad called *Always by My Side*," Peter remembers. "What drew me to the book was the father-son relationship that he had. I tried to use it as a mirror into what my relationship with my dad looked like. I finished the book and, two days later, I am having dinner at Valbella Restaurant in Greenwich and Jim is at the table next to me."

Peter decided to "go up and introduce myself and interrupt his dinner," he says. "I told him I admired his work and loved the book. One word led to another and he asked what industry I was in and I said the wine business. I ended up getting a call from him later. He has been a big wine fan for the past 10 years and he was looking at how to get into the wine business with a vision on how to create the next great American premium wine brand."

Instead of naming it after the celebrity, a formula that rarely works in the wine business, the two men decided to name it for that "thing" people have that leads them to what they were meant to do in life. "It's about the consumer unlocking the calling in their life. Everyone has a calling. Some people unlock it and some people don't, but if you are able to unlock it, then life takes on a whole new perspective," Peter says.

Nantz says the brand has been the fulfillment of a lifelong dream. "My friends and family knew firsthand how long I dreamed about building an iconic American wine brand," he says. "They aren't surprised by *The Calling's* success. And once they met Peter, they knew that there was great synergy between us. They could see that we are driven to build something special."

The privately held Deutsch company believes the next exciting trend in the wine business will be the "premiumization" of sangria in much the same way that vodkas now span the gamut of the moderately priced Smirnoff to the premium Grey Goose. To that end, it has acquired a Florida-based brand called Eppa that it hopes will be the Next Big Thing. The company is also expanding its spirit lines and is looking at opportunities for wines developed in the Pacific Northwest.

Over the next 10 years, the father-and-son team expect the business to continue to grow as steadily as it has over the last three decades. "We will probably have another floor in this building," Bill says. "We have employees from various countries working here and, in 10 years, I am sure we will have more countries represented and we will probably have more wine brands and spirit brands in our portfolio."

The one thing Deutsch is likely never to be is a public company. According to Peter, the chances of that happening are "close to zero. It is not in concert with the family values and the culture that we have grown with. It's a completely different mindset."

At some point, five of Bill's seven grandchildren have worked as interns at the company and Peter says that, although there is no entitlement to a position, he hopes that at least one of his three children enters the fold. "It would be nice to be able to pass that torch that has been passed to me and to continue that evolution as we continue to build the company and get better doing it," he says.

In their limited spare time, both father and son love to golf and never seem to tire of spending time together. In fact, they even have lunch together often to talk about the progress of the day. But they say that they have finally learned that there is a point when they have to pull the shutters down for the day.

"Years ago, we would get together for a family dinner and all we would do is talk business," Bill recalls. "But one day, my wife put her foot down and said, 'No more!' and since then we get together for family dinners and remake the world without discussing the business."

At the end of the day, Bill, who counts France's prestigious L'Ordre National de la Légion d'Honneur as one of his many accomplishments, is just a proud husband and father. "You know, Peter was quite the basketball star in high school," he says with pride once his son is out of earshot. "I immediately went from being Mr. Deutsch to Peter's dad. It was great." ●

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