

2009

# Transformational leadership practices at a Northern California winery

Brian Douglas Phifer

Follow this and additional works at: <https://repository.usfca.edu/diss>

 Part of the [Education Commons](#)

---

## Recommended Citation

Phifer, Brian Douglas, "Transformational leadership practices at a Northern California winery" (2009). *Doctoral Dissertations*. 211.  
<https://repository.usfca.edu/diss/211>

This Dissertation is brought to you for free and open access by the Theses, Dissertations, Capstones and Projects at USF Scholarship: a digital repository @ Gleeson Library | Geschke Center. It has been accepted for inclusion in Doctoral Dissertations by an authorized administrator of USF Scholarship: a digital repository @ Gleeson Library | Geschke Center. For more information, please contact [repository@usfca.edu](mailto:repository@usfca.edu).

The University of San Francisco

TRANSFORMATIONAL LEADERSHIP PRACTICES AT A NORTHERN  
CALIFORNIA WINERY

A Dissertation Presented  
to  
The Faculty of the School of Education  
Department of Leadership Studies  
Organization and Leadership Program

In Partial Fulfillment  
Of the Requirement for the Degree  
Doctor of Education

by  
Brian Douglas Phifer  
San Francisco  
December 2009

THE UNIVERSITY OF SAN FRANCISCO

ABSTRACT

Transformational Leadership Practices At A Northern California Winery

The study was conducted to explore if there were transformational leadership practices at a Northern California family-owned winery contributed to its position and reputation in the wine industry and possess a highly effective organization that is perceived as a sustainable and successful business operation. While the study explored other factors related to wine making such as farming, production of wine varietals, and the education personnel involved in wine making, the most important factor was to ascertain if the perceptions of the participants were related to transformational- leadership theory and organizational practices and whether these practices contributed to the success of the organization n as a leader in the wine industry.

The researcher utilized qualitative conversations with winery personnel as an inquiring methodology to explore the phenomenon and presence of transformational leadership at a Northern California, family-owned, estate- based winery. In order to learn about the central phenomena occurring at the winery, the researcher asked questions within the context of conversations to collect the detailed perceptions of the participants by recording the words and observing the faces and images; and then analyzing the information for descriptions and themes. The data was collected from four executive mangers and three mid-level managers in a confidential setting on the campus of the winery organization. The conversations were taped and reviewed on in two occasions with follow

conversations with the participants to ascertain accuracy. The researcher developed generative themes based on the data collected.

The researcher concluded that the study provided useful information for the executive leadership and their constituencies, higher education faculty, staff and students in wine making career programs and those interested parties involved in the management of family- owned wineries. The study findings provided the aforementioned stakeholders with strategies to infuse leadership techniques into their organization as an avenue for change, with recommendations for improved communications with personnel, and new management practices that may enhance operations. Finally, the study revealed that organizational sustainability, change and leadership were all factors that underlined the winery's organization belief system of vision and mission and a team approach to management. The researcher recommended that the winery continue their mentoring practices and participation in educational and scholarly studies which would thus provide a voice inherent for change from within the organization as well as a possible catalyst for change in the Northern California wine industry.

Brian D. Phifer  
Brian Douglas Phifer

Candidate, Author

Patricia A. Mitchell  
Dr. Patricia Mitchell

Chairperson, Dissertation Committee

The dissertation, written under the direction of the candidate's dissertation committee and approved by the members of the committee, has been presented to and accepted by the Faculty of the School of Education in partial fulfillment of the requirements for the degree of Doctor of Education. The content and research methodologies presented in this work presented in this work represent the work of the candidate alone.

Brian Douglas Phifer  
Candidate

December 4, 2009  
Date

Dissertation Committee

Patricia A. Mitchell  
Chairperson

December 4, 2009

Emma Fuentes

December 4, 2009

Shabnam Koirala-Azad

December 4, 2009

## DEDICATION

Dedicated to the memory of my father, Donald Filor Phifer, and memory of my big brother, David Taylor Phifer: Thank you for being my life-long, role models and encouraging my development as a positive African-American Male: with your guidance I made something of my life.

Also dedicated to the memory of my late Grandmother, Mildred Taylor, and memory of my Grandfather, Louis Taylor: Thank you for being my life-long, role models and encouraging my development as a positive African-American Male: with your guidance I made something of my life.

Also dedicated to the memory of my Professional Mentor, Eddie Gaffney, and Career Coach, Colonel Wilbert Bryant: Thank you for being my role models and encouraging my development as a positive African-American Male. Your guidance at Morehouse College and Virginia Union University taught me that education is more than a credential, but a way of life.

Dedicated to my two sons, Joshua David Phifer and Bryson Miles Phifer. You have continually served as a source of motivation for me to complete this task. I thank you for being my life-long inspirations. This document will serve as my legacy of fatherhood and educational aspirations for you.

Dedicated to my partner, Regina Burja. Thank you for being my inspiration, your encouragement and love will always remain as my foundation. Your undying support and self-sacrifice to allow me to complete this document serves as a life-long testament of your unconditional love.

## ACKNOWLEDGEMENTS

The completion of this research has been a milestone in my educational pursuits. It is the result of many years of very hard and sometimes tedious work that has advanced me both academically and professionally.

This has been a very intensive experience for me both intellectually and emotionally. At many junctions, I did not see the light at the end of the tunnel, and without God and the support of my family and friends; it would not have been possible. My eternal gratitude and thanks extends also to my many professional and University colleagues' whose support, encouragement, and participation enabled me to conduct this research. Very special thanks are given to my dissertation chair on this entire process. Dr. Patricia Turner Mitchell who continually kept me anchored and focused. She was much more than a dissertation chair, but someone who mentored me throughout my University of San Francisco graduate-student experience. Without her cajoling, encouragement and support I would not have been able to complete this journey. I give you my most sincere and heartfelt thanks for your overall guidance. I also extend my heartfelt thanks to the other two members of my dissertation committee, Dr. Emma Fuentes and Dr. Shabnam Azad-Koirala, who provided the guidance and intellectual stimulus needed to complete this dissertation. Great thanks to Dr. Rosita Galang, that unfortunately had to step down from the committee due to her faculty retirement, but guided me through the initial phases of the dissertation proposal process.

My studies at the University of San Francisco have been very difficult to navigate, but at the same time very rewarding. I extend my sincerest thanks to the following persons for their support and help in getting this project complete. Without their advice,

constructive criticisms and corrections, it would have not been possible for me to write this acknowledgement. They are Dr. Betty Taylor who has encouraged me to apply for admission to the university and do the things necessary to complete this project: They are Dr. Benjamin Baab, who was patient and supportive teaching me the necessary skills of quantitative and qualitative statistical analysis: Than Ly, the Organization & Leadership Department, Program Assistant for being patient and keeping me informed about important dates about class offerings and registration materials: Karen O'Grady, Circulation Desk Assistant, Gleeson Library for being a constant reminder and calming influence on overdue library books. Most importantly I would like to recognize Dr. Dan McPherson, Associate Dean, College of Education. Dean McPherson provided me the necessary motivation and personal challenge to complete my program of study in an expeditious manner.

Finally, I want to thank my fiancé, Gina Burja and my children for providing their unconditional support and love; and my close friends; Shaun Suzette Foote, Dallas Boggs, Marie Smith, Joe and Deborah Daniels and the Santa Rosa Junior College faculty, and staff colleagues, Ruth McMullen, Charles Prickett, Susan Bagby-Matthews, Mary Kay Rudolph, Jane Saldana-Talley, Steve Cohen, Jim Forkum, Scott Rosen, and Catherine Wilson. I would like to finally thank SRJC student mentees; Angel Torres, Angelica Solano, Amy Howler, Dion Wilson, Jerome Beck, Korissa Russell, Andrea Guerrero, John Thomas (JT) Gaspar, Kai Nyguen, Sabreen Jabril, Terrill Davis, Amanda Alvarez, Mike Sojblom and Kristi Gray for their undying encouragement and support.



## TABLE OF CONTENTS

DEDICATION .....	III
ACKNOWLEDGEMENTS .....	IV
LIST OF TABLES .....	IX
CHAPTER I INTRODUCTION .....	1
The Research Problem .....	1
Purpose of the Study .....	2
Background and Need for the Study .....	2
Theoretical Framework .....	11
Research Questions .....	13
Definition of Terms .....	14
Significance of the Study .....	15
CHAPTER II REVIEW OF RELATED LITERATURE .....	20
Overview .....	20
Napa Valley Wine History .....	21
Historical Background of a Family-Owned Winery .....	24
Organization Management & Wines .....	26
Family Owned Wineries .....	28
Public and Private Wineries .....	29
Oral Histories .....	31
Summary/Conclusion of the Literature Review .....	35
CHAPTER III METHODOLOGY .....	37
Restatement of the Purpose .....	37
Research Design .....	37
Research Setting .....	38
Population and Sample .....	39
Instrumentation .....	40
Researcher's Profile .....	42
Data Collection .....	43
Data Analysis .....	45
Human Subjects Approval .....	47
CHAPTER IV FINDINGS OF THE STUDY .....	48
Introduction .....	48
Site Description .....	50
Profile of Participants .....	50
Research Questions and Generative Themes: Generative Themes .....	51
Research Questions and Findings .....	53
Major Themes of Executive Managers .....	53
Significance of the Vision of the Founder .....	54

Personal Commitment to Stay in the Forefront of the California Wine Industry for Producing Quality Wines .....	56
Employees are Aware of the Knowledge and Skills Necessary to do Their Jobs Well .....	57
Historical Artifacts and Employee Communications .....	58
Inclusion of the Winery Executives and Mid-management Level Staff in Winery Activities and Policymaking .....	59
Management and Leadership at the Winery .....	60
Sustainability, Change, and Transformational Leadership .....	61
Subthemes of Executive Managers .....	62
Transformational Leadership at the Winery .....	62
The Critical Nature of Team Membership .....	63
Winery Production, and Management .....	63
Winery Management and Training .....	64
Belief System of Family Operated Management .....	64
Transformational Management as a Concept .....	65
Executive Manager Summary .....	65
Major Themes of Midlevel Managers .....	65
Mid-level Vision and Leadership at the Winery .....	66
Mid-level Perspectives and Team Management .....	67
Perceptions of the Relationship Between Mid-level Managers and Executive Managers .....	67
Midlevel Management and Job Satisfaction .....	67
Working in a Clean and Safe Winery Environment .....	68
The Winery Mentoring Process .....	69
Summary of Midlevel Manager Themes .....	69
Summary .....	69
CHAPTER V DISCUSSION, CONCLUSION, IMPLICATIONS AND RECOMENDATIONS .....	71
Introduction .....	71
Discussion .....	74
Conclusions, and Implications .....	74
Recommendations for Professional Practice .....	76
Recommendations for Educational Practice .....	76
Reccommendations for Future Research .....	76
Final Reflections .....	76
REFERENCES .....	82
APPENDIXES .....	87
Appendix A: Informed Consent Form University of San Francisco Consent to be a Research Subject .....	88
Appendix B: Demographic Questionnaire .....	90
Appendix C: IRBPHS Approval .....	91
Appendix D: IRBPHS Modification Application Approval .....	93

Appendix E: Some Additional Interview Questions Used to Guide the Dialogue  
Interviews.....94

## LIST OF TABLES

Table 1 Demographic Profiles of Participants .....	52
Table 2 Research Questions and Major Themes Related To the Leadership Influences of Executive Level Managers at the Winery.....	53
Table 3 Research Questions and Major Themes Related To the Leadership Influences of Mid-Level Managers at the Winery.....	66

## CHAPTER I

### INTRODUCTION

#### The Research Problem

In the wine-making industry there has been much emphasis on *viticulture* or wine cultivation, and *enology*, wine-fermentation technology. Teaching programs in California such as the one at the University of California at Davis (UC Davis) produce two types of educated personnel to meet the needs of the grape, wine, raisin brandy, brewing, and fermentation industry (Viticulture and Enology Department, 2007). The curriculum focuses on the scientific disciplines that impact growing and winemaking that is chemistry, genetics, microbiology horticulture, and plant physiology. Little emphasis in the UC Davis curriculum is placed on executive winery management, retail management, and human resource management. The students have to determine their own style based on tutelage and experience (University of California-Davis, Viticulture and Enology Department, 2007). Most research studies about wineries have primarily focused on grape cultivation, vineyard management, wine-making and production (Beverland & Lockshin, 2001). Additional studies have been done related to winemaking in Australia (Camilleri, 2008). In both instances the studies indicate that wine industry analysis has been virtually relegated to enology and viticulture.

There are very few studies that focus on the management operations of wineries. Management methods to identify resources, monitor operations, and increase production of wine varietals are reflected in the research literature. However, in the wine industry, financial and brand success is contingent on having an annual robust harvest and having an effective wine production-and-management team to produce great wines, and/or sales

division to sell wines in the marketplace. It is an industry that is constantly in transformation and transition. Decisions about how the wine is introduced to new and returning customers have a direct impact on the wines sold at the winery and retail establishments around the world.

### Purpose of the Study

The purpose of this study was to explore if there were transformational-leadership practices at a northern California winery that contribute to its position and reputation in the wine industry as having a highly effective organization that is a sustainable and successful in its business operation. Transformational leadership is the processes of how a leader defines the need for change, creates new visions, mobilizes commitment to those visions, and ultimately transforms an organization or business (Tichey & Devanna, 1986). This study explored if there were other factors outside of the farming and production of wine varietals that contributes to perceived overall organization effectiveness. More specifically, it is important to know, if these perceptions are related to transformational-leadership theory and practices in the organization, and whether these practices contribute to its success and current leadership position in the wine industry.

### Background and Need for the Study

Further information about the history, philosophy, and organizational management of a family-owned winery is important to understand because the current research deals mostly with viticulture, enology, production, and marketing. Although, the winery has been awarded several honors in the past 30 years for varietal excellence in production and quality, there is little available information about the leadership style of

the executives of the organization and its impact on the management of the organization. Wine critics from wine publications such as *Wine Spectator* and *Wine Enthusiast* magazines have rated the northern California winery wines as being among the finest in the world. However, little is known about the specific managerial leadership practices implemented at the winery that make a particular winery a successful one.

Given the issues of management and productivity, the main concern of the wine industry is the decision-making process. This study was concerned with how the organization makes decisions and thus is able to sustain itself as a highly functioning, effective learning organization, and how its leadership influences the organization to achieve its mission and goals and implement its stated values as an organization.

Inherent in the decision-making process for the organization is for the executive leadership and supervisory constituencies to have a working knowledge of what choices are being made. The decisions often require well considered planning, informative consultation, and engagement with organizational personnel. Robbins and DeCenzo (2004) cited the importance of the organization in identifying the problem, selecting a solution, and evaluating the effectiveness of the solution as a path to strengthening an organization and its culture. In addition, the leadership style (how leaders execute their executive leadership and motivate the organization to do its best), and the structure of an organization based on its vision and mission is important. The leader should be able to influence others and have the legitimate final decision on providing rewards and punishment (Bass & Avolio, 1994; Kouzes & Posner, 2002). The decision-making and leadership aspects of a family-owned winery are important components of success of in the winery business along with the production aspect. It is important to identify what kind

of leadership and management theories are present in the winemaking business. In this study, by discerning some of the aspects of transformational-leadership practices that impact the organizational culture of wineries, it is hoped that winery management will be improved and wine production enhanced.

There are very few studies that focused on the management operations of wineries. The work of Stoeberl, Parker, and Joo, (1988) identified the decision-making processes of a winery. The study basically focused on identified organizational change and on organizational failures, and compared the results to previous historical findings. Although the study is informative, the work is almost 20 years old and does not reflect the business environment in 2009.

Other studies of California-based wineries fall into the historical-research category of detailing the history of family-owned wineries. These studies show how the wineries were initiated, flourished, and often failed over a period of 120 years (Smith, 1998). According to Gillinsky and McCline (1999), the wine industry will drastically change over the next 25 years. As California wine growers seek to produce acceptable commercial wines year after year and become premier enterprises in winemaking (E & J Gallo, Canadigua, Bronco, Delicato, and Robert Mondavi) the markets that wine businesses operate have become very competitive (Gillinsky & McCline, p. 2). There is little known about the foundations of leadership and organizational management applications in winemaking organizations.

This study explored the transformational leadership practices and its impact on the organization at a northern California winery that is a family-owned, independent, and estate-based. The winery chosen for the study has a prestigious reputation in the industry



and is known for having a highly effective organizational family-style culture. Ricardo Fernandez was the winery's principal owner between 1973 and 1998. His vision built its reputation for developing and producing some of the finest Bordeaux varietals in northern California and the world (Smith, 1998). Therefore, this family-based winery was carefully chosen to allow analysis and embody elements of organizational theories to the dilemma being explored. The results of this study may serve as a model for other wineries in the industry to make better educated decisions about how they produce, market, and operate their wineries from a management perspective, and take on the challenge of leadership in a very competitive world-wide business.

Wine-making and production is far more advanced today than it was 50 years ago because of technological advances in the industry (United States Wine Market, 1997). Starting a winery is seen as one of the most difficult business enterprises to venture into because of the heavy financial initial cost and the unpredictability of weather to grow and plant varietal grapes (Teiser, 1992). Wine-making and production, at its very core, is essentially agricultural farming. Some of the major factors that contribute to successful agricultural farming are a high quality root stock, skilled wine maker and growers, and a highly motivated marketing team.

One of the nice things about being able to have such a holding of vineyards is that you'd go ahead and match your vineyards with the needs of the winery. So each winemaker is very much involved in the care and feeding of his vineyards. We do long-range forecasts, so we know where the grapes for the 1991 harvest will be going in terms of individual brands. We have an opportunity to really influence the quality of the grapes coming out of the vineyard, and that's where quality really starts. You can make good wine out of good grapes, but you cannot make good wine out of bad grapes. So we spend an awful lot of time working with our vineyards to ensure that we get the type of grape that we want. (Teiser, 1992, pp. 57-58)

Keeping these factors in mind, the managerial decisions about choosing grape varieties, creating time schedules to plant, and harvesting grapes have a direct impact on the quality and production of wine that affects the wineries financial success and sustainability. Hicke (1995) stated, “That for over three decades, the Northern California winery being studied has enjoyed an impeccable reputation as a high quality producer of successful Rhone and Bordeaux varieties wines” (p.72).

This success has been widely credited to the vision and leadership of its founder and principal owner, Ricardo Fernandez. Because of Mr. Fernandez’s vision about viticulture development in the Napa Valley, the wines that have subsequently emerged from the region are considered world-class wines. During the 1970s, at the time the winery growth explosions occurred in the Napa Valley, it was almost automatic for wineries to plant and grow Cabernet Sauvignon and Chardonnay. According to Smith (1998), Ricardo Fernandez realized the wisdom of Robert Louis Stevenson’s observations a century earlier that “those vinous bonanzas still lay undiscovered.” (p.2) Mr. Fernandez maintained the philosophy that every grape had the potential to achieve greatness as a wine in the Napa sun. Under his leadership, the wines achieved local and regional success with each annual vintage; the winery slowly became a reputable wine business in the Napa Valley and eventually reached boutique status for many wine industry experts for producing quality wines. However, sound management decisions by the owners were also factors that many experts credited with the success of the Fernandez wine label. One significant decision by the Fernandez family was to purchase certain prime vineyard lots in the Napa Valley to plant grapes for specific varieties. The acquisitions of prime vineyard lots increased the quality of the wine exponentially. The

decision to conduct soil analysis turned out to be a critical decision toward the eventual growth and diversification of the winery (Smith, 1998, p. 4).

Another significant decision by the management of this winery was to create a family-owned winery that possessed a concern for not only for short-term performance, but long-term creation of value for its winemaking. This philosophy is consistent with the theories of dynamic leadership (Kouzes & Posner, 2002, p. 112.). How this philosophy and change took place in the winery and impacted organizational management, and how it has continued to do so is important for the future of wine-making accomplishments that will be explored in this study.

At the northern California winery the executive-management team is comprised of Ricardo Fernandez, founder and majority shareholder, and Pablo Fernandez, son of Ricardo who serves as the Chairman of the Board. Rafael Gonzalez is the Vice-President of Production, John Stephens the Vice-President of Finance and Chief Financial Officer, Francisco Torres, the Vice-President and Director of Sales, Rachel Sanchez, Head Winemaker, and Francois DuBois, Director of Vineyard Operations. Mid-level managers are Angelica Martinez, Director of Accounting, Maria Valdez, Winemaker-Stone Mountain, Dustin Gates, Director of Wine Production-Stone Mountain, and Jack Johnson, Production Manager-Stone Mountain. These 10 individuals comprise the executive-management team and are also the primary shareholders of the company. The majority shareholders are the Fernandez family members (Ricardo and Pablo) and the minority shares are divided among the remaining three executives who, based on their positions, enjoy financial holdings.

The winery's philosophy is "Excellence from the Ground Up." And more recently with the sudden 2008 death of Norberto Avila, former President and Chief Executive Officer, combined with the retirement of Ernesto Gonzalez, former Executive Vice-President and Director of Winemaking, the winery had never experienced an executive-management change among the principle owners since its inception over 30 years ago.

However, since the transition, executive officers at the winery continue to enjoy a stellar reputation for optimizing the value of its employees. The winery's philosophy has evolved into one of its primary core values, striving to achieve excellence in all phases of viticulture and production. Employees are encouraged to further expand their knowledge by taking enology courses at UC Davis or sommelier classes at the Culinary Institute of America. Therefore, employee participation is encouraged and rewarded that may have an impact on efficiency and quality standards. The family and team approach has also provided a platform for the winery to reach industry milestones in production, and creating a welcoming atmosphere for guests visiting its hospitality center.

Most of the academic research on wineries has primarily focused on viticulture and enology, case studies on production, and oral histories about wineries, as evidenced by the studies available through the University of California at Davis' Viticulture and Enology program, the Sonoma State University' MBA Wine Business program, and the University of California at Berkeley' Regional Oral History Office at Bancroft Library. California UC Davis researchers conducted case studies that explored an interest in the study of wine in the academic disciplines of chemistry, plant physiology, microbiology, horticulture, and the need to identify appropriate varieties that are best suited for the Northern California climate, as well as profiling aromas and desired flavors that will be

marketable in the wine industry (Hicke, 1995). The California UC Berkeley' Regional Oral History Office and Sonoma State University libraries offer numbers of oral histories that revealed information on the establishment and development of California wineries based on the perspectives of the subjects 'stories and observations (Hicke). However, there are a limited number of oral histories that explored other factors, outside of the farming and production of wine varietals that contribute to overall organization effectiveness related to transformational-leadership theory and practices.

Wineries are divided into two types of management structures: private family owned, and public corporations. Each structure is similar regarding its production-management team but of course executive management is where there are dissimilarities. The northern California, family-owned, independent estate-based winery that is the focus of this study is located in Napa Valley. The northern California winery was founded in 1972 and developed from a small family-oriented enterprise with two levels of management (executive and middle) to a profit-sharing enterprise that fosters a collaborative environment, prizes teamwork, and encourages career development. With these factors in mind, the research literature tells us that particular styles of leadership and delegation are important when identifying efficient organizations:

In an organization that highly values individuals who work interdependently toward common goals, then the transformational leader is the one who fits most readily. What is important is the ability of the leader to distinguish the appropriate style for the environment and to make choices about the leadership and delegation approach that is most likely to fit the context. (Bass & Avolio, 1994, p.21)

Leadership styles are important when exploring organizational effectiveness.

According to Adams (1986), the transformational leader does not impose their vision on others. However, the clarity of the vision can inspire and encourage others to conceive of their own vision. Further the leader helps others master their individual creative process.

Therefore, the results of this study may prompt executive-level managers at other wineries to re-examine their own management philosophies and leadership approaches to improve organizational effectiveness in their organizations. Understanding specific transformational leadership practices at the northern California family-owned, independent estate-based winery may become the first steps toward achieving an industry standard of “best practices” regarding management efficiency for family-based wineries. Particularly, this study discerns how leaders encourage managers, production workers, and sales divisions to achieve organizational goals as well as personal goals.

Another need for this study is based on the limited amount of available scholarly research on this topic of winery management. According to Beverland and Lockshin (2001), many wineries fail within the initial five years of their existence because they are primarily focused on production (p. 358). Several factors that may contribute to their failure are the lack of initial capital, quality of root stock, and weather.

It is clear that this study will be useful by providing information to wine-industry executives and those interested parties in the management of wineries that do not currently exist. It would seem useful to have information of how one family-owned winery avoided management turnover and improved organization communication in the winery, and instituted practices of change may enhance the operations other winery. Although situations may differ, and perceptions may vary, this study may be useful. By conducting interviews with 4 executive managers and 3 middle managers, the data may provide a leadership paradigm for other wineries to follow.

## Theoretical Framework

The rationale and theoretical framework for this study was based on the transformational theories of Bass (1985) and Kouzes and Posner's (2002).

Transformational-leadership theory is a theory that helps define leadership characteristics. The characteristics of transformational leaders identified by Bass include such components as inspiration, intelligence, stimulation, and concern. Bass asserted that leaders transform their followers by modeling these characteristics and the followers then identify with the core values and behaviors of the leader.

Bass's transformational-leadership theory originated with J.M. Burns (1978). J.M. Burns suggested the notion that transformation of the leader and making change in the organization was a style of leadership that was both transformative and transactional; although both did not take place at the same time. According to J.M. Burns (1978), emergence of transformational leadership is a process of elevation among leaders and followers with a direct impact on organizational effectiveness. J.M. Burns did not really explain exactly how leaders actually go through this process. However, the major assumption about this theory is that subordinates will follow a leader who inspires them and provides vision. J.M. Burns identified that leaders who exhibited natural charismatic behaviors and provided clear direction and motivation could achieve faster success in reaching established goals. According to Bass (1985), transformational leaders do more with colleagues and followers than set-up simple exchanges or agreements. They are more likely to reflect social values between leader and follower. Conceptually, leadership is charismatic and followers seek to identify with and emulate the leader. In 1994, Bass and Avolio made a distinction between the terms they defined as "*transformational*

*leader*” from the “*transactional leader*.” They argued that a transformational leader is seen as a person who typically has vision, inspires innovation, and is team and learning oriented. By contrast, the transactional leader is one that recognizes and rewards followers based on their ability to successfully fulfill their roles and assignments as directed by the leader. The transactional style of leadership implies a closer scrutiny of mistakes and/or errors, followed by punitive action as quickly as possible by the leader. However, the transformational leader depends in part on the contextual nature of the relationship between the leader and follower. There is a stronger relationship between transformational leaders and long-term performance due to the leader creating a more inspired, committed, and cohesive work environment (Bass, Avolio, Jung, & Berson, 2003).

Kouzes and Posner’s (2002) transformational-leadership theory is based on the key concept that leadership involves vision that is associated with a personality trait or personal characteristic possessed by the leader. Their theory is based on the work of J.M. Burns (1978). However, Kouzes and Posner’s differ by its visionary-leadership aspect. Their empirical studies identified transformational leaders as having five concrete behaviors that are described as exemplary leadership-behavior factors. Each factor consisted of two specific leader behaviors identified on the *Leadership Personality Index* as follows: (a) Challenging the process; (b) Inspiring a shared vision; (c) Enabling others to act; (d) Modeling the way; and (e) Encouraging the heart. Kouzes and Posner’s theory is more dimensional than that of J.M. Burns (1978) or Bass (1985) because it focuses primarily on the specific behaviors espoused by the leader. Although this theory



incorporates identification of distinct behavioral aspects, it doesn't address the situational context in which the leader exhibits these behaviors.

According to Sashkin and Sashkin (2003) leadership theories focus on two or three elements (p. 13). The Sashkins believe the failure of leadership research is that it doesn't explain what makes leadership matter. To really see how leadership works in the situational context, than the behaviors matters.

If leadership is not simply who one is, and is not just a matter of engaging in correct behaviors, perhaps the secret is in doing the right thing at the right time. That is simple logic of several leadership approaches commonly called "situational" or "contingency" theories. (Sashkin & Sashkin, 2003, p. 24)

Just as in research studies by J.M. Burns (1978), Bass (1985), and Kouzes and Posner (2002), new considerations have taken precedence in leadership research that includes such behaviors as care, empowerment, and vision. The Sashkins defined the situational context as the combination of skill and the motivation of the employee. When an employee lacks motivation to get the job done, the leadership strategy, according to the Hersey-Blanchard theory, is for the leader to be very directive.

The supervisor tells the employee what to do, how to do it, and supervises closely to make sure it gets done. If there is some readiness, evidenced by willingness (motivation) but inadequate skill, the supervisor becomes a coach, guiding the employee through the details of the task while providing encouragement. With still greater readiness, the employee is skilled and knowledgeable but lacks confidence. In that case, the leadership approach is based upon giving support that is consideration, while refraining from giving directions or instructions. Finally some employees are fully ready to take on a job challenge, both willing and able. In that case, the effective leader delegates and gets out the way. (Sashkin & Sashkin, 2003, p. 25)

### Research Questions

The following research questions were explored in this study:

1. How does transformational leadership influence the operations of the winery?

2. What are the perspectives on transformational-leadership practices shared by the winery-management team?
3. What factors influence the transformational-management process of the family-operated business at the winery?

### Definition of Terms

For the purpose of this study the following terms were operational.

*Effective organization.* Developing a cohesive set of relations between structural designs; the age, size, and technology of the firm; and the conditions of the industry in which it is operating (Morgan, 2006, p. 51). In this study the term will be used in the context of the effectiveness of the organization from a management perspective.

*“Excellence from the ground up.”* A level of quality from the vineyards to production (Joseph Phelps, 2008). Here, the term will be used in the context of overall efficiency from the lowest level of labor performed at the winery to the executive level.

*Executive managers.* People who have administrative supervision over personnel and department operations at the winery.

*Family-owned, independent, estate-based winery.* A winery that is privately owned by a family and the majority financial assets of the winery are owned by the family.

*Leadership styles.* The approach or style employed by a leader or team to achieve organizational objectives and goals.

*Midlevel managers.* People who coordinate a specific job function related to other departments.

*Professional development.* Conceptualized as training opportunities provided outside the immediate work environment (Bass & Avolio, 1994, p. 11). In this study the term is used in the context of the personal and career growth of winery employees.

*Sample.* The group of participants in the study.

*Shared purpose.* Everyone in the organization has a clear understanding of their collective mission and a strong commitment to share it (Adams, 1986, p. 45). In this study the term is used in the context of employee collaboration and shared vision with the owners of the winery.

*Transactional leader.* A style of leadership that emphasis exchanges and contingent rewards in return for completion of performance expectations and uses management by exception in positive and negative performance.

*Transformational leader.* “They define the need for change, create new visions, mobilize commitment to those visions, and ultimately transform an organization” (Tichey & Devanna, 1986, p. 4).

*Viticulture.* The cultivation or culture of grapes especially for wine-making (Merriam-Webster, 2009). In this study the term is used to describe the process of growing wine varietal grapes.

### Significance of the Study

The significance of this study was to understand more fully how this private winery and other small, private, family-owned wineries develop their leadership paradigms for executive and mid-level managers in order to maintain organizational effectiveness and sustainability. The findings from this study may also be helpful to privately owned wineries that find effective management strategies and a functional

organizational framework for their wineries beyond the area of viticulture and enology. Creswell (2003) stated the significance of a study is “to convey the importance of the problem for different groups that may profit from the reading and using the study” (p.107), the significance of this study is to address how the management operations of a winery might be transformational.

Many of the organizational-leadership theories regarding the political model suggest that leadership must recognize the difference in objectives and aims among individuals, encourage collaboration, and balance the diversities for the common goal of the organization (Morgan, 2006). The leader must create a healthy power relationship with action and decisions grounded in fundamental fairness. General principles of management required when one is in authority, include the leader must act responsible and ethically. According to Schein (2004), a leader’s goal should be to balance order and manage subordinates productively toward the common goal of the organization, “leaders do not have a choice about whether to communicate with subordinates, only about how much to manage what they communicate” (p. 270). Leaders must therefore be concerned with how they communicate their organizational philosophy, visions, and values. One key factor to maintain and reinforce the established organizational leadership style is for the leader to communicate a consistent message to subordinates.

As a result, the findings of this research was to inform and serve as a historical document in the chronicling of “best practices” of the winery for future use by executive and mid-level managers at the winery. The study discovered some aspects of transformational-leadership practice that impacted the organizational practices of wineries; as a result, the winery management may be improved by enhancing the

organizational framework and wine production operations. The area of transformational leadership increased the communication between the owner and the management team. Employees may be transformed from participation and their mindset may shift as a result of this study. Managers may institute ideas on how to strengthen the systems of wine operations. Hopefully, application can be applied to instigating Management and Organization courses into the academic curriculums at University of California at Davis, Sonoma State University, and Santa Rosa Junior College. Specific application of the study to the “leader/follower” relationship is at the heart of transformational leadership and application of this concept to the current management strategies may prove productive.

#### Limitations of the Study

There were delimitations and limitations in this study. In order to protect the subjects in this study, pseudonyms were used to identify the participants to protect and maintain their anonymity.

The first limitation of the study was the qualitative interviews of the research design. The collection of data from this study may only be generalized to private, family-owned, independent, estate-based wineries in northern California. The study was conducted in northern California in the United States and observation derived from this study may not be applicable to wineries of the same type outside of the United States. However the themes derived from the qualitative interviews may be expanded in further research studies.

The second limitation of this study was that the observations were only conducted with seven members of the executive-management team and middle-level managers at the winery. The original projected sample size included 10 executive managers and five mid-level managers. However, three individuals dropped out of the study for various reasons related to health and other employment opportunities outside of the wine industry. The sample size is fairly small and therefore only generalized to this particular winery. With this limitation, the findings cannot be generalized to private family-owned wineries.

An overarching delimitation of the study was that the researcher may have personal bias because of past employment at the winery and personal friendships with the executive-management team members. The researcher has also served as an employee of several other wineries in the Napa Valley to include: Domaine Carneros, Robert Mondavi, Cosentino, Folio-A-Deux, Gloria Ferrer Champagne Caves, and Sterling Vineyards. The experience at the above wineries may have served as a bias.

### Summary

This study was organized into five separate chapters. Chapter 1 was composed of the statement of the problem, purpose of the study, background and need for the study, theoretical framework, research questions, and definitions of terms for the study. Chapter 2 contains the literature review that established the theoretical and empirical base for understanding this study's findings. Chapter 3 provided a description of the methodology, the research design, population and sample, the interview instrumentation, data collection, and data analysis. Chapter 4 contains the findings of the study and is

organized around three major research questions and the questions that helped guide the qualitative research interviews in a sequential manner, major themes emerged and were analyzed. Chapter 5 provides a summary of the results of the study, discussions, and conclusions about the findings, and recommendations for further research. Appendices were used to elucidate the supportive materials found in the dissertation proposal narrative.

## CHAPTER II

### REVIEW OF RELATED LITERATURE

#### Overview

Currently there is limited information available about specific management strategies and organization leadership about wineries. The majority of studies available primarily focused on viticulture and wine production. Other literature has focused on historical documents and development of new wineries.

In the wine industry, production and marketing are the hallmarks of any successful wine-producing enterprise. Teaching programs in northern California such as the one's at the Sonoma State University and Santa Rosa Junior College produce two types of educated personnel to meet the needs of the grape, wine, raisin brandy, brewing, and fermentation industry (University of California-Davis, Viticulture and Enology Department, 2007). The curriculum focuses on the scientific disciplines that impact growing and winemaking that is chemistry, genetics, microbiology horticulture, and plant physiology. Little emphasis in the UC Davis course work is placed on the style of executive winery management, grape cultivation, and vineyard management. The students have to determine their own style based on tutelage and experience (University of California-Davis, Viticulture and Enology Department, 2007). Most research studies about wineries have primarily focused on wine-making and production (Beverland & Lockshin, 2001). Additional studies have been done related to winemaking in Australia (Camilleri, 2008). In both instances the studies indicate that wine industry analysis has been virtually relegated to winemaking and production.



The first section, in this chapter addresses the historical background and tradition of the Napa Valley wine region and the winery being studied. Histories of wineries in northern California are included to assist the reader in understanding the personal narrative histories of wineries and the struggles of vintners to achieve sustainability and profitability. The second section concentrates on the Organization Management and wine studies that are included to provide a reference point at which to view the formal operating systems of a winery. The third section addresses the public-and-private-classified wineries to provide further context about the various types of winery ownership. The fourth section addresses the Transformational Leadership studies related to business enterprises.

### Napa Valley Wine History

The competitive structure of the wine industry is classified into three specific categories: (a) stand-alone wineries; (b) public and private; and (c) conglomerate or multi-national firms that are primarily public (Wine Enthusiast, 2002). The largest publicly traded winery is Robert Mondavi, which is now owned by Constellation Brands. Constellation Brands is the largest wine-producing conglomerate in the United States. The privately held firms are led by E&J Gallo, the long-time industry giant, along with Joseph Phelps Vineyards, Screaming Eagle Vineyards, and Harlan Estate Vineyards. By early 2003 the largest concentrations of small- to medium-sized wineries in northern California were located in the Napa Valley. Currently, there is at least one winery in every state of the United States (United States Wine Market, 1997). According to Teiser (1992) the final group of wine competitors in the United States is composed of large multi-national firms that include the following: (a) Allied Domecq; (b) Brown Forman

(Wine Estates Division); (c) Foster's (Berringer Blass); (d) Constellation Brands (Canandaigua Division); (e) Diageo (Chateau and Estates Division); (f) Fortune Brands; (g) Louis Vuitton-Moet Hennessey; and (h) UST (formally known as U.S. Tobacco).

In addition to the domestic competition in the wine industry, a growing percentage of foreign imports have gained appeal in the U.S. wine-consuming marketplace. In addition to the traditional "Old World" suppliers from France, Italy, Germany, Spain, and Portugal, Napa Valley vintners have faced new challenges in the marketplace from the new foreign wine producers from Australia, Chile, and Argentina. Because of the equality of wine producers, U.S. suppliers (i.e. "New World" suppliers) increased their case production of wines during the last decade to meet the challenges of the new competitors.

According to Hicke (1995), consolidation among wineries in the Napa Valley began to accelerate in the late 1980s: larger producers decided to purchase smaller ones in order to achieve greater varietal diversification in the marketplace in an attempt to gain access to more varied channels of distribution in states across the union. This period of time is widely recognized by vintners as the beginning of the dark ages, in which profits began to be subservient to wine quality. Large production numbers of separate varietals were seen as necessary means to an end. Large conglomerate wineries (consolidators) could then become more effective in negotiating favorable selling terms with the small number of large regional distributors. The consolidators were generally public companies that were able to offer predominantly family-run wine businesses, a means to greater liquidity of their investment in larger more diversified firms. Concurrently, the

attractiveness of wine production across the United States resulted in a growing number of entrepreneurs purchasing or starting new small family operations.

The wine industry is very capital intensive. It is common knowledge in the northern California wine country that in order for an individual to become a wine producer “you must have lots of money to spend, before you can earn enough money to make it back.”

In addition to the rising cost of land and vineyards, a fully integrated wine producer has to allocate financial investments to their crushing facilities, fermentation tanks, and barrels for aging their wines. Construction of warehouse space is always a pressing need at any winery. It is essential that a winery have the required floor space to store the bottled and cased wine, although, it is important to note that winery ownership is not always essential for each of these prerequisites. However, in order to control quality and quantity of production, storage-space investments become essential as any winery develops its brands and expands its financial markets.

Finally, business risks at wineries are almost always substantial. Weather conditions during any given year could affect the quality and quantity of grape production. Insect damage (phylloxera) and disease could affect the grape vines. Replanting new vines requires 4 to 5 years before commercial quantities of grapes can be expected and another 2 to 3 years before achieving maximum sustained-production output.

In the fall of the year, usually late September to early November, depending on the weather, grapes are picked and carefully brought from the fields to the crushing facility by vineyard workers. There is only one crop per year and crushing takes from 1 to

2 months. Consequently, the investment in this facility stands idle for at least 10 months of the year. Because all grapes in a given appellation/region usually mature at approximately the same time, there is no way to rent out crushing capacity to other wineries at other times of the year.

### Historical Background of a Family-Owned Winery

In 1973 Ricardo Fernandez purchased a 700-acre cattle ranch from Peter Lancaster, a San Francisco businessman. Lancaster, prior to the sale of this property, used the ranch to breed prize-winning Hereford cattle and serve as his summer vacation home. Fernandez viewed the property while fulfilling a business obligation, construction of the Rutherford Hill winery only 2 miles in radius from the Lancaster Ranch. According to Pablo Fernandez, his father fell in love with the property on first glance and envisioned the layout of the future winery prior to its design.

During the early 1970's viticulture in the Napa Valley was at its infancy. There were only 10 to 15 wineries in the valley that produced wines along with olive oil for the consuming public. Walnut and cherry-tree groves dotted the landscape along with traditional farming animals such as cattle, sheep, horses, and chickens. According to Napa Valley history, viticulture was sidetracked during the 1920's because of the Prohibition Act on alcohol and distilled spirits. Farmers that produced wine could only sell it for sacramental purposes to churches. However, the wine industry did make a historic comeback in 1976 with the results of the Blind Wine Tasting in Paris, France. This event was organized by Steve Spurrier, a British journalist who secretly included several California wines in the blind tasting without informing the French judges. Among the finalist of wines tasted at this event, two California wines were selected by the judges

and recognized as “best of class” among Cabernet Sauvignons and Chardonnays. The California wines were produced by Stags Leap Cellars and Chateau Montelena. When the results were published worldwide by Spurrier the French government was infuriated by the results and revoked Spurrier’s passport to France. However, the announcement in the United States created a far different reaction among the American wine-consuming public. During the late 1970’s hundreds of businessmen flocked to northern California in pursuit of making profits on the growing wine appreciation in the United States. As a result, dozens of wineries appeared in the Napa and Sonoma wine-growing regions almost overnight. Viticulture once again became a thriving business enterprise in northern California.

The northern California, family-owned, estate-based winery is a prominent business in the Napa Valley wine county that produces premium Rhone and Bordeaux wine varietals. The most popular varietal wine among their fleet of wines is “Legacy”, a Bordeaux blend of Cabernet Sauvignon, Cabernet Franc, Merlot, and Petite Verdot. The winery produces other wines but none have achieved the cult-like following among the wine-drinking public in the United States and recognition internationally as the “Legacy” label. Red table wine is a wine that is usually blended from several Bordeaux grapes. Specifically, the red table wine “Legacy” has received high ratings from the wine-consuming public since its inception in 1974. Wine publications such as “The Wine Advocate,” “Wine Enthusiast,” and “Wine Spectator” magazines annually rate their quality and the brands have consistently garnered 90+ ratings.

Most recently, the northern California, family-owned, estate winery has completed expansion and diversification of its wine-production portfolio by launching a

new winery (Freestone Vineyards) on a 100-acre parcel in Freestone, California on the North Sonoma Coast. The vineyard has 80 acres of Pinot Noir and 15 acres of Chardonnay planted on this property (Teiser, 1992). The Fernandez family feels that this winery will further establish their track record as producing some of the premiere wines in the world.

### Organization Management & Wines

Organizations change over time. According to Cartin (1999), in any organization the responsibility of executive management ensures the sustainability and survival of the organization (p.31). Generally, research studies about organizations reflect how management responds to innovations in technology and economic conditions over a period of time. In a study by Beverland and Lockshin (2001), the organizational life cycles of wineries were explored in New Zealand. The researchers used Hanks (1990) “Life Cycle” theory to explain the development of wineries over a period of time. The premise of the “Life Cycle” theory is that organizations move through a series of phases (p.354). Many of these phases are consistent over a period of time and involve initiation, expansion, consolidation, and diversification stages. As wineries grow, they go through these stages and deal with a number of challenges that affect their sustainability. Therefore management usually adopts different strategies for production and marketing that are designed to make profits. Proponents of the “Life Cycle” theory are generally criticized for not taking into account that small private businesses are not always motivated by profit, but by desired growth (O’Farrell & Hitchens, 1988). The significance of the findings of this study is that movement through developmental stages is not pre-determined. Once a winery is started, the owner’s usually focus on

sustainability that often comes from a successful wine review or wine-show competition that gives the brand name attention and a wider consumer audience.

A more recent study by Charters, Davis, Brown, Clark-Murphy, and Walker (2008) explored management strategies in the Western Australia wine industry. Researchers sought to identify specific management skills and expertise for running a successful winery. A qualitative methodology was used and data was obtained through structured interviews with winery owners and executive-level managers. The owners and managers who participated in the study represented both public and private wineries: the sample population was diverse because their wineries were located in four separate wine regions in Australia. Results from the study reflected that managerial skills in the wine industry are limited.

In another study by Camilleri (2008), communication strategies were explored to determine if there were authentic messages about the organization's environmental plan for significant stakeholders in the winery. The winery has been in existence for over 150 years and one of the oldest family-owned businesses in Australia. One of the hallmarks of this winery was its commitment to sustainable winemaking by adopting clean technology and best-practices procedures. The management of the winery was very committed to sustainable farming of its vineyards and quality winemaking from its cellar staff. This commitment to excellence was observed by the researchers in all of the operations from the vineyards to distribution sales.

In Camilleri's (2008) study, communication of the winery's environmental philosophy was significant. The communication strategy implemented by the owner and management team involved making employees stakeholders in the identification of good

practices and methods of evaluation. The use of empowerment was a major factor in process improvement towards sustainable winemaking. According to Cartin (1999), empowerment implies a degree of discretion and independence and is of value to managers because it usually results in more effective and productive employees.

### Family Owned Wineries

In a study by Nall (1989), organization theory was used to render an analysis of about Quantrell Champagne Cellars. The winery was a failing small family business with paternalistic cultures. Because of forces both internal and external combined with family dysfunction, the winery's profits plummeted and pushed the business into an irreversible financial decline. In order to retain its competitive edge, the winery had to develop and maintain an effective response to changes in the economic markets in the industry. Therefore an organization must adapt to the conditions of the environment that it lives in just like a living organism in order to survive.

The Quantrell study is one example of how to analyze the organizational interest of task and how culture can affect relationships and cause tension in a family-owned winery. This study is also significant because it pointed out how the impact of the owner's viewpoint in the decision-making process can directly influenced the growth and development of the winery because they impact manager's decisions. Poor management decisions made in wine operations can severely impact the quality of the product, and development of sales revenues.

The Quantrell case study serves as one example of how a family-owned winery should not be operated. Therefore, executive-level managers at the northern California, family-owned, independent, estate-based winery may also want to use the data from this



research as a motivational tool to encourage their managers, production workers, and distributors to make long-term commitments about their employment with the winery as a result of the transformational-leadership practices at the winery.

The final need for this study is also based on the limited amount of current research on the topic. Many wineries fail within the first 3 years of their existence. There are several factors attributed to this: lack of starting capital, quality of root stock, and weather. This study may be useful in providing information to wine-industry managers about how to avoid bad management and production practices because of the transformational-leadership design being used by the northern California, family-owned, independent, estate-based winery. The winery, since its inception has been very successful in avoiding these pitfalls by developing a pervasive management philosophy and transformational-leadership design that fosters an environment that rewards efficiency and success.

#### Public and Private Wineries

Political tensions and power struggles have existed in organizations for centuries. When individuals put their own goals ahead of those of the organization, usually the result is tension and chaos. According to Morgan (2006), the idea of moving away from individual goals to team goals by reconciling differences is in essence to move toward a common goal.

In another study about wineries, Haddadj (2003) conducted research about organizational change and the complexity of succession at a family-owned winery in France. When owners and founders of family-owned wineries want to leave the company they usually transfer it to a family member (p.135). As a result of this occurrence, many

family-owned wineries fail because the owner/founder is usually seen as an iconic or transformational figure. Only 30% of wineries survive a second-generation transition and only 10% make it to a third generation (Burns & Whitehouse, 1996). The Haddadj study is significant because it established a foundation that family-owned wineries have a very different organizational culture than publicly-owned wineries. It appears, based on this study, that wineries are severely impacted by the loss of a founder/owner. The established shared purpose is impacted even if the successor is a family member. According to Haddadj, in family-owned businesses the story of the business is embedded in the unfolding story of the family as well as the economic story of the enterprise (p. 139). This level of storytelling connects the employees to the vision of the owner.

The nature of family-owned wineries is dynamic. In another study by Miller, Le Breton-Miller, and Scholnick (2008) the researchers explored stewardship versus stagnation in small family and non-family businesses. The findings revealed that family-owned wineries have a heavy financial stake because of the deep connections between the family and the business. Economic conditions seem to weigh more heavily on family-owned wineries than on non-family wineries. Therefore owners appear to be more careful stewards of the business because their family's fortune and livelihood is at stake. Another significant result was that family-owned wineries were more susceptible to stagnation because of limited financial resources and conservative management strategies. One significant aspect about Stewardship was that family-owned businesses were more likely to embrace training programs that are intensive and inclusive in which employees are given broader jobs and more responsibilities.

## Oral Histories

According to Morgan, (2006), political tensions and power struggles have existed in organizations for centuries. When individuals cannot put aside their differences and continually place their own goals ahead of the organization's goals, usually the result is chaos and tension. The idea of moving away from individual goals to team goals by reconciling differences in the organization has always been the very nature of politics. Wineries have not been immune from these politics. Therefore it is imperative to have a critical understanding of what organizational management of wine is, how it affects the entire organization, and how it helps establish the very core foundation of the organization. Because organizational management is one determinant of the success, the investigation of its impact is important to the organization being studied and to the industry.

The purpose of oral history is to pass knowledge to the future. According to Hicke (1995), hundreds of wine companies emerged in the 1960s and 1970's, the number of wineries exceeded 1,800 in the late 1990's. Most were relatively small and located primarily in northern California, specifically in the Napa Valley. The 20 largest firms produced approximately 90% of all American wines by volume and 85% by value at wholesale. Oral histories have become a valuable methodology, often used as a means to give voice to the oppressed. In the case of this study it will be used to document the development of wineries from its infancy stage to a mature business operation according to the "Life-Cycle" theory.

One of the oral histories on wineries was conducted by Teiser (1986) on the Joseph Heitz Cellars. That oral history served as a personal narrative of the owner, Joseph

Heitz that proceeded from the early history of the winery to expansion of the winery in the 1990's. Heitz Cellars is a private, independent, family-owned, estate-based winery in the Napa Valley and has a reputation for making fine Rhone-wine varietals.

In another oral history about Napa Valley wines, Teiser (1990) conducted interviews with Morris Katz the owner of the Paul Masson Vineyards. Teiser recorded the personal narrative of Katz about the inception of the winery, when it was affiliated with Christian Brothers, and the Fromm & Sichel winery, from 1944 to -1955. Katz discussed his separation from Christian Brothers, a religious order of Jesuit Priests in the valley that had been making wines since before prohibition. The oral history of the Paul Masson Vineyards is significant because it documents the accounts of a winery that went through a transition of making sacrament wines exclusively to producing wines for commercial profit.

### Transformational Leadership

Research on transformational leadership indicates that extraverts, persons who are outgoing and uninhibited are more likely to emerge as leaders in group settings (Bass, 1990). According to Bass & Riggio (2006) transformational leadership can be taught and learned (p. 147). In the wine business, leaders that possess transformational leadership traits seem to be more successful than those without these traits.

In a study about the impact of transformational leadership, Seltzer et.al (1989) MBA students that held full-time jobs were surveyed by completing a Personal Stress Symptom Assessment. The students self reported stress symptoms such as headaches, irritability, fatigue, insomnia, and loss of appetite based upon their experiences at work. Students also described their immediate supervisors as part of the study. Correlations of

the transformational and transactional leadership ratings reflected that subordinates stress leaders were reported to halt crises situations by questioning assumptions and disclosing opportunities, and eliminating fixation on old ways of doing things. This study is significant because it underscores the importance of leadership style as it relates to functional effectiveness of employees. There is a direct correlation between the transformational leader and departmental success.

In another study about transformational leadership, Kupers & Weibler (2006) investigated the correlation between transformational leadership and emotional intelligence. The study analyzed the emotional quality of the Multifactor Leadership Questionnaire (MLQ). The MLQ is a leadership instrument designed to rate leadership traits. The analysis of this study showed that transformational leadership and emotional competencies are linked. However the researchers do suggest that further study of this phenomenon should be undertaken. This study is significant because it relates emotional intelligence to how individuals respond to transformational leadership. The existing theories on transformational leadership indicate that leaders whom possess transformational traits are effective at motivating their subordinates. In the wine industry this is important because much of the work performed at a winery is on the production side of the business. The ability to motivate workers to reach their highest level of performance is essential to producing the highest quality wines.

In a study by Lebrauser, Whissell & Ohja (2002) transformational leadership was investigated from a contextual framework in two case studies of Canadian hospitals. The findings of this study supported a top-down approach from hospital management regarding quality improvement. According to the study, hospitals were encouraged by

government and regulatory agencies to adopt continuous quality improvement (CDQ) strategies to deliver quality medical services with fewer financial resources. CDQ represents a major organizational change in that hospitals attempt to transform into a more adaptive and effective organization (Lebrauser et.al, 2002, p. 142). Within this context, organizational learning was sought to be sustained by transformational leadership. The significance of this study relates to the leader's ability to sustain the change effort by providing strong committed leadership. The findings of this study suggested that subordinates follow the path of the leader if they are receptive to change and organizational goals continue to exist as the administrative and medical groups are encouraged to work together more closely. New ways of thinking are created as a direct result of this type of cooperation. However, the leader of the organization serves as a focal point and catalyst for the change and desired group collaboration.

In another study about transformational leadership, Moss (1992) compared work groups versus study groups. The researcher surveyed subordinates and workplace leaders at a New Zealand university. Participants completed the Multifactor Leadership Questionnaire (MLQ). Leaders received similar scores by their subordinates and peers on contingent rewarding, and active/passive management-by-exception ratings. One significant difference between the two groups was the transformational and laissez-faire leadership factors. Leaders demonstrated a greater tendency to display transformational leadership behaviors in their actual work groups than study groups. This qualitative difference suggested that leaders were more likely to display varying levels of transformational behaviors in their actual work settings than non-work settings. It is important to note that leaders also demonstrated higher levels of laissez-faire leadership

in the actual workplace than in their study groups. The researcher suggested a reason for this phenomenon may have been the demands of the study group and that laissez-faire leadership behaviors were frowned upon by other members in the group. This study is very useful when identifying transformational leadership behaviors and how impactful they can be within the workplace environment.

Industries such as the wine business that heavily rely on communication between the viticulture staff and production staff, leadership styles of the management are crucial. Transformational leadership behaviors versus laissez-faire behaviors among leaders may have serious repercussions in a business that relies so heavily on subordinates that performs intensive physical labor duties.

#### Summary/Conclusion of the Literature Review

On review of the related literature, previous studies have narrowly focused on issues of production and marketing. Therefore, the researcher decided to focus specifically on transformational leadership and organizational decision-making.

Research studies showed the significance of leadership and the various types of ownership that have a great impact on the development of a winery. Researchers in recent years have expanded their inquiry to studies focused on organizational management. Hence, the research was significant because this study may affect how other private, small and large family-owned wineries develop their leadership paradigms for executive and mid-level managers in order to maintain organizational effectiveness and sustainability.

Hence, the research was significant because this study may affect how other private, small and large family-owned wineries develop their leadership paradigms for executive and mid-level managers in order to maintain organizational effectiveness and sustainability.



## CHAPTER III

### METHODOLOGY

#### Restatement of the Purpose

The purpose of this qualitative study was to explore the organizational environment and investigate if there are transformational-leadership practices at the winery that contribute to its position and reputation as having a highly effective organizational environment. In addition, the study assessed to what degree the decisions and the leadership practices of the executive-management team are predictive of the organizational environment. Given the issues of management and productivity, the main concern of the wine industry is the decision-making process. How the organization makes decisions and thus is able to sustain itself as a highly functioning, effective learning organization, and how its leadership influences the organization to achieve its mission and goals and implements its stated values as an organization is the focus of this study.

#### Research Design

This study used qualitative interviews as an inquiry methodology (Wolcott, 2009). This methodology provided a useful framework to explore the phenomenon and presence of transformational leadership practices at the northern California, family owned, estate-based winery. As a result of the transformational leadership practices at the winery, the organization has a reputation and leadership position in the industry as a successful and sustainable operation. As posited by Creswell (2002, p 58),

the study utilized qualitative research as an inquiry approach for explaining the central phenomenon occurring at the winery. To learn about the phenomenon, the researcher asked the participants guiding questions within the context of conversations to collect detailed views of the participant's perspectives in the forms of words and images; and then analyzed the information for descriptions and themes

From the data collected in this winery study, the researcher was able to interpret the meaning of the information by drawing upon personal reflections, the literature review and related documents. "By identifying participant observation and discussions as one of the core research activities in qualitative inquiry, the researcher has underscored not only the everyday nature of the study but the way one should go about collecting data" (Wolcott, 2009, p. 86.). What the researcher learned from the conversations was an appropriate vehicle for narrating the participant's accounts and developing the major themes and sub themes revealed in the study findings.

### Research Setting

The research setting was a northern California, independent, family-owned, estate-based winery in the Napa Valley. The winery is a prominent business in the Napa Valley wine country that produces premium Rhone and Bordeaux wine varietals. The most popular varietal wine among their fleet of wines is "Legacy", a Bordeaux blend of Cabernet Sauvignon, Cabernet Franc, Merlot, and Petite Verdot. The winery produces other wines but none have achieved the cult-like following among the wine-drinking public in the United States and recognition internationally abroad as the "Legacy" label. Red table wine is a wine that is usually blended from several Bordeaux grapes. Specifically, the red table wine "Legacy" has received high ratings from the wine-consuming public since its inception in 1974. Wine publications such as "The Wine

Advocate,” “Wine Enthusiast,” and “Wine Spectator” magazines annually rate their quality and the brands have consistently garnered 90+ ratings.

### Population and Sample

The sample for this study was projected to consist of five executive and five mid-level managers at a northern California winery. However, three participants left the study for health and other reasons. Thus the study population was seven participants: four executive managers and three mid-level managers. The executive-level managers have overall responsibility for the functional effectiveness of the winery and its operations. The executive-level managers are both men and women, and there will be no disparity in this study regarding gender. They each had at least two years of employment experience at the winery. Further, they were not be employed by any other winery than the one being studied. They had familiarity with the Napa Valley wine industry and spoke fluent English; six had completed an undergraduate degree and beyond; one had a high school diploma. There was no additional relationship between the participants and the researcher.

The researcher structured a series of two structured interviews with the participants. A series of qualitative questions was designed for the participants by the researcher, used to enrich and deepen the data collected. Ten Executive and mid-level managers at the winery were invited to be interviewed, however a total of seven participated in the study. The researcher phoned or sent e-mails to participants requesting that they participate in the study. Data from these interviews were gathered and themes were assigned from the data collected. The analysis ascertained the findings of themes outlined in transformational-leadership practices (Challenging the Process, Inspiring a

Shared Vision, Enabling Others to Act, Modeling the Way, Encouraging the Heart). The use of a qualitative methodology was implemented by the researcher to more fully understand transformational-leadership practices and provide a more detailed and vivid account of how these practices have impacted the organization.

The selection of the participants was based on their employment classification: designation of executive and mid-level managers was based on their direct decision-making authority over operations at the winery. Before conducting the interviews, the researcher conferred with the sample participants and related background information regarding the purpose of the study and the protocol that would be followed. The researcher asked each participant to respond to a short demographic questionnaire. The research participants are employed at the winery and range in age from 28 to 55.

#### Instrumentation

The research on the northern California winery was performed through qualitative interviews; therefore certain ethical considerations were made by the researcher to protect the winery organization. The interview questions are as follows:

1. Have you heard the term, “transformational leader” before? If so, please explain.
2. What do you think a transformational leader in the wine industry would look like in your work setting?
3. What changes have you noticed that have taken place in this winery since you have been employed here?
4. Do you think this winery is successful? If so what do you think is responsible for its success?
5. In what ways do you think the winery is competitive with other family owned wineries in the Napa Valley area?
6. What is your perception of how people are treated as employees at the winery?
7. What does the winery do to sustain itself as a leader in the field of winemaking?

8. In what ways has the winery taken risks as an industry leader?
9. In what ways do you work with the mid-level managers and your colleagues?
10. Is there anything special about being a mid-level manager in this winery?
11. Describe your most challenging relationships with the workers?
12. Is there a vision among the workers and staff similar to that of the owner and other executives at the winery? If so how is this vision articulated?
13. Do you think there is a team spirit among the executives, managers and staff at the winery?
14. How do you communicate your performance goals to people you supervise?
15. Do you think the winery mentoring program is successful?
16. What is the most important aspect of your job that you like best?
17. Do you have any questions that you would like to ask me?

The researcher created a comfortable atmosphere for executive and mid-level managers to share their leadership experiences. The researcher listened attentively and helped the managers engage in a discussion about the winery. The primary goal was to create a mutually beneficial study in which participants had a voice and control over the research.

Written administrative approval was attained by the researcher from the owners of the winery. The interview questions were sensitive and not leading. The researcher took all necessary precautions to protect the anonymity of the participants and financial matters of the winery.

The researcher took the necessary steps to carry out the research in a manner designed to cause the least disruption to the business responsibilities of the winery's participants. Whenever possible, research conversations with the participants took place at a time and place that was convenient. If at any time any of the participants felt that non-disclosure of sensitive company information could not be offered, the researcher checked with the principal managers in a time-efficient manner prior to the conversation.

As anticipated, the participants' time during conversations was inviting, open, and confidential. All transcripts were reviewed by the principals at the northern California winery and any changes or suggestions were considered before the final study was submitted.

### Researcher's Profile

The researcher is a higher education professional with over 14 years Student Personnel experience. With Master's Degree in Student Personnel Services and a Bachelors of Arts degree in sociology, the researcher served in several different administrative/management capacities over the last 14 years, at both private and public universities and colleges.

The supervision competencies in outcome assessment/program efficiency have been developed as a result of holding three administrative positions at both private and public colleges and universities. Management skills have been developed as a result of professional memberships (Phi Delta Kappa, Golden Key Honor Society) in several student affairs associations (California Community College Student Affairs Association, National Association Student Personnel Administrators, Association of Judicial Affairs Administrators) and administrative experience in budgeting and fiscal reporting on the component level.

The portfolio of the researcher outlines management experiences in more detail. The researcher is proud to have worked at the following colleges and universities that have contributed to career development as an academic administrator. From 1992 to-1996, the researcher served as Director of Student Activities at Virginia Union University, managed the campus Student Union, and supervised the Student Government

Association. During graduate school at Virginia Polytechnic Institute from 1996 to-1998, the researcher also worked as the Judicial Hearing Officer-Graduate Intern for the Dean of Students. From 1998 to-2003, the researcher served as Associate Dean of Students at Morehouse College and supervised the Judicial Affairs, Counseling, and Student Activities departments. At Morehouse College the researcher worked extensively with college faculty regarding honor-code violations and leadership development. This experience was instrumental in achieving acceptance into the doctoral program at the University of San Francisco, and has allowed the researcher to successfully articulate a compelling student-services vision in his current position as Assistant Director of Student Affairs at Santa Rosa Junior College, Santa Rosa, California.

#### Data Collection

The collection of data took place during the spring and summer 2009 academic semesters. Permissions from the northern California winery were arranged through the winery owner's office in advance with a request to allow subject participation. All participation was on a volunteer basis.

The researcher followed a detailed data-collection procedure that involved conducting structured interviews. The researcher conducted a series of interviews and used a digital recorder to ascertain the narrative voice of the participants. The researcher selected a digital recorder as the instrument of choice; hence it was easy to convert the interview recording to an audio file on the computer that could later be used for transcription. Each audio file was named with the alias last name of the participant and the date. The researcher had installed software onto a laptop computer and had practiced collecting audio snippets to check for quality. In addition, the researcher backed up all

interviews using an external flash drive to ensure that data was not lost. The participants were notified about the presence of the recording device and were asked for their consent to record the interview, in addition to a consent form from the winery that had already been acquired for Institutional Review Board Protection of Human Subjects approval. (see Appendix A).

The participants must have expressed interest in the topic during initial contact and appeared willing to share their views. The subjects were asked to divulge information about their experiences on a voluntary basis. During the initial interview session the participants were asked a short series of verbal questions to determine whether they care about the topic or have interest in the notion of transformational leadership. They were given the following explanation of the project and a consent form to demonstrate their willingness to participate. The interviews were held for duration of one hour at the winery, to engage the participants in a dialogue about the winery and complete a short demographic questionnaire (see Appendix B).

The second interview session was conducted to allow the participants and opportunity to review the audio files and make revisions to any of their statements before analysis. After the interviews the researcher analyzed the audio recordings and attempted to develop generative themes from the transcribed audio files. Because discussion and revelations about this topic may have been held in deep thought, there could be an emotional plan attached to purge thoughts regarding performance and job security. The topics for discussion solely represented personal opinions and information gathered from the participants are kept private and confidential. Pseudonyms were created to protect the identity of those who participated, thus reducing the chance for revelation of their inner-



most feelings to a public arena. The researcher attempted to minimize stress or discomfort to the participant. The interview questions were coded for record keeping purposes and remain confidential. During both interview sessions the researcher accommodated the participants with the location most conducive to open and honest communication between researcher and participant.

### Data Analysis

Data was analyzed by developing themes related to the transformational-leadership-practices rubric. Data analysis was aimed at providing an interpretation of the raw data from the interviews as it related to answering the developed questions. The questions reflected the generative themes of the following research questions:

1. Research Question 1: How does transformational leadership influence the operations of the winery?

The following interview questions will provide data to answer research question 1.

What are your perceptions about how employees at the winery perceive their roles?

- a. What measures do you take to communicate your goals about performance?
- b. What is more important to you as a manager: style or substance?
- c. How would you define visionary leadership?
- d. What strategies do you follow to make sure your employees have the knowledge, skills, and resources to get the job done right?

2. Research Question 2: What are the perspectives on the transformational-leadership practices shared by the winery-management team?

The following interview questions will provide data to answer research question 2.

How would you describe “Excellence from the ground up?”

- a. What is your role in communicating this ethos to other employees?
- b. To what extent are wine makers involved in creating and developing wine’s espoused excellence?
- c. What are your espoused values and beliefs about the artifacts of the winery?
- d. What things or practices have occurred with the recent executive management changes?

3. Research Question 3: What factors influence the transformational-management process of the family-operated business at the winery?

The following interview questions will provide data to answer research question 3.

- a. How is the philosophy and mission of the winery reflected?
- b. How are power, group inclusion, and relationships reflected at the winery?
- c. What reward and punishment systems are exhibited at the winery?
- d. What artifacts, in your opinion, illustrate the promotion of “Excellence from the ground up?”

- e. What factors do you contribute to the winery effectiveness and sustainability?

#### Human Subjects Approval

Approval to conduct this research was solicited from the Institutional Review Board for the Protection of Human Subjects at the University of San Francisco and the researcher received approval to conduct the study. The collection of the proposed data had minimal risk to subject participants. Names of the participants and the winery were changed to ensure anonymity. Interview responses remain confidential and all personal information is permanently stored only by the researcher locked in a file cabinet at the researcher's place of residence. A copy of the Institutional Review Board for the Protection of Human Subjects approval letter can be found in the appendices (see Appendix B).

## CHAPTER IV

### FINDINGS OF THE STUDY

#### Introduction

The aim of this research was to allow seven executive and mid-level managers from a northern California winery the chance to share their thoughts, concerns, and recollections about any transformational-leadership experiences that contributed to the winery's success and reputation as having a highly effective organization. A total of seven executive and mid-level managers discussed their recollection about Ricardo Fernandez, founder and retired CEO of the winery, and about past and current leadership practices. Each manager discussed their current experiences and responsibilities as a manager at the winery that helped to promote excellence. Participants engaged in the qualitative interview research to examine their leadership practices at the winery.

This chapter is organized around three major research questions and the qualitative interviews that helped guide the research in a sequential manner. The questions were open-ended, which allowed the participants to take the interview wherever they chose. The major themes that emerged and were further analyzed.

This chapter is divided into three sections. The first section provides an introduction and profile of each of the managers. A brief synopsis of participants' demographic background is discussed along with their experiences in the wine industry. The second section discusses the generative themes that derived from the analyzed data and the third section provides a discussion of the findings. In the first section, interviews were conducted with executive and mid-level managers in an effort to get their perceptions and historical accounts about transformational leadership. Pseudonyms were

given to the interviewees to protect their privacy and confidentiality. The second section of the research findings involve a detailed analysis of data gathered from interviews with the research participants that inform transformational themes that are supported by academic research and answer the three research questions. Section 3 is a summary analysis of data gathered informing the definition of transformational leadership, supported by discussed J.M. Burns (1978)and, Kouzes and Posner (2002), and other literature on the subject matter.

This research study explored the perceptions of executive and mid-level managers at a northern California winery about their transformative work experiences. The purpose of this study was to explore the organizational culture and determine if there were transformational-leadership practices that contributed to the northern California position and reputation in the wine industry as having a highly effective organization that is a sustainable and successful in its business operation. Secondly, the study examined existing empirical findings on transformational leadership in relationship to the findings generated from the qualitative case study. Thirdly, the study examined the definition of transformational leadership and its application to organizations and business practices based on the literature review. This study addressed the following research questions.

1. How does transformational leadership influence the operations of the winery?
2. What are the perspectives on transformational-leadership practices shared by the winery-management team?
3. What factors influence the transformational-management process family-operated business at the winery?

## Site Description

The family-owned, estate-based winery is a prominent business in the northern California wine industry. The winery and all participants in this study were given pseudonyms to protect their anonymity and confidentiality.

The winery is located in the Napa Valley and sits on a 400-acre ranch that serves as the headquarters for winery operations, including the business offices and wine-production facility. The executive management offices are located at this facility on the second floor and a lavish tasting room on the first level of the facility is open weekdays to the general public during winery operations hours 9:00 a.m. to 5:00 p.m. The Chief Executive Officer, Pablo Fernando, has an office located on the second floor along with the Vice Presidents of Winery Operations, Vice President of Business Operations, and Vice President of Marketing and Sales. Participants cited personal and professional interest, the working environment, and a high regard and respect for Ricardo Fernando, Founder and Retired Chief Executive Officer, as their primary reasons for choosing the winery to fulfill their career path. Although Fernando is retired, he maintains an office on the first level of the winery and remains as an inspirational force at continues to the winery.

## Profile of Participants

At the northern California winery the executive-management team is comprised of Ricardo Fernandez, founder and majority shareholder, and Pablo Fernandez, son of Ricardo, who serves as the Chairman of the Board. As requested by Pablo Fernandez, Ricardo Fernandez was excluded from the study because of his deteriorating health. However, Rafael Gonzalez, the Vice-President of Production, John Stephens, the Vice-

President of Finance and Chief Financial Officer, Francisco Torres, the Vice-President and Director of Sales, Rachel Sanchez, Head Winemaker, and Francois DuBois, Director of Vineyard Operations were the primary executive managers who participated in the study. The mid-level managers, Maria Valdez, Winemaker-Stone Mountain, Dustin Gates, Director of Wine Production-Stone Mountain, and Jack Johnson, Production Manager-Stone Mountain also participated and contributed to the study from their Stone Mountain perspective. Stone Mountain is a subsidiary winery of the parent company. These seven individuals comprise the executive-management team and also are the primary shareholders of the company each participated in this study. In complying with conditions for confidentiality, participants will not be further individually described. Table 1 describes the demographic profiles of the study participants. The ages that were not noted; not available (NA) were due to the fact that the participants did not respond to this section on the demographic questionnaire.

#### Research Questions and Generative Themes: Generative Themes

The researcher organized the findings emanated from the qualitative interviews with the participants into generative themes. Each qualitative interview centered the question with the discussion, and the comments, suggestions, and concerns each executive manager and mid-level managers chose to discuss. The responses to the questions that guided the qualitative interviews, the comments, suggestions, and concerns were reflected in the findings for each of the three main research questions.

Table 1

*Demographic Profiles of Participants*

Name	Age	Position	Gender	Education/degree
Pablo Fernandez	55	Executive	Male	College degree
Rafael Gonzalez	NA	Executive	Male	High school diploma
Francisco Torrez	NA	Executive	Male	College degree
Rachel Sanchez	28	Executive	Female	College degree
Francois Dubois	NA	Midlevel	Male	College degree
Maria Valdez	NA	Midlevel	Female	College degree
Dustin Gates	NA	Midlevel	Male	College degree

*Note.* NA = not available

As previously stated in the review of the literature, transformational leadership is based on leadership characteristics, with the core of transformation to make change in the organization because of the leader's ability to inspire and provide a vision for others to follow that is not quantifiable. Because of this, a qualitative approach was used for this study, which employs some methods of participatory-action research. The research questions are categorized in sequential order, with selected interview questions listed numerically in each category. Interview questions were formulated to answer specific research questions. Observations were included in this sequential order to answer each research question.

The findings were arranged according to shared themes described by the participants during qualitative interviews. Each participant was interviewed alone by the researcher at a private office at the research site in order to maintain the privacy and confidentiality of the interview. Themes shared by the participants consisted of critical thinking, self-analysis, and construction of meaningful language, productive team building, enriching life experiences, theoretical applicability, and holistic nature. Table 2 summarizes the shared themes expressed by executive-management participants based on



their reflective memories, applied leadership practices, and management techniques currently employed at the winery.

Table 2

*Research Questions and Major Themes Related To the Leadership Influences of Executive Level Managers at the Winery*

Question	Major themes
Question 1: How does transformational leadership influence the operation of the winery?	Influence by vision of the owner.
Question 2: What are the perspectives on transformational-leadership practices shared by the winery-management team?	Perceptions about the winery's history.
Question 3: What factors influence the transformational-management process of the family-operated business winery?	Perceptions about the collegiality among the winery coworkers.

## Research Questions and Findings

### Major Themes of Executive Managers

During the first interview with the managers, they discussed their perceptions for the major research questions. The themes emerged from the first interview with the executive managers as related to the research questions as follows

Research Questions #1: How does transformational leadership influence the operations of the Winery?

The four executive-level managers ranged in ages from twenty-eight to fifty-five years old, and ranged in education from high school to graduate school. There were five males and two females that participated in the study. Although the participants varied in age, education, and wine-industry experience, they all had similar experiences and similar suggestions about how to financially sustain the winery as a successful business enterprise.

Based on the major research questions, the executive managers discussed the transformational-leadership practices they were using that affected employee and product performance. The following are strategies the executive managers in the study believed were the causes of the winery's success.

#### *Significance of the Vision of the Founder*

The participants were very concerned that control of the winery be kept under the control of the family. One executive, Pablo Fernandez stated that "one of my leadership goals is keep the company in private controlled hands; and the best way to do this is to continue to produce high quality wines." As the son of the owner and an executive, he mentioned that he "wanted to follow in the footsteps of his father where it is not necessarily about words, but substantive leadership and personal example." He said that "relationships with employees were a very important attribute for a leader to have as well."

Another executive manager, Rafael Gomez commented on, "excellence from the ground-up and vision of the owner." He stated,

the vision of the founder, Ricardo Hernandez was huge. The adage that everything trickles down hill affects the management of the winery, not so much today because Ricardo is retired. However Ricardo's vision having an impact on the operations of this winery is more comparable to an avalanche than a trickle!" It just the way we are raised as children, we learn by watching our parents. I think the same applies in business. If you were to ask most business leaders today what influence vision has on their business, I think most would say they were influenced by those leaders that were dynamic with really clear visions and have a lot of integrity. Those individuals set themselves apart from others. I think visionary leadership is lacking in most publicly traded companies in this era. It only works there if the hired leadership stays there for a while. If a leader is there for a short-term, communicating a vision that will have an impact is less likely to occur.

the importance of the artifacts within the winery library that exhibited its influence on the wine industry and the beliefs of its founder.” That

Another participant, Gonzalez stated that, “the ability to communicate history and the tradition of a winery can be found in its artifacts.” “

The group told the researcher that the philosophy and mission of the wine industry is reflected through its employees from the ground up at this winery. One executive manager, Pablo Fernandez mentioned that farmers, grape pickers, production team personnel, management sales personnel, marketing sales personnel, tasting room personnel “all appear to buy into the vision as a family-owned winery.”

One executive, Francisco Torrez, stated,

Visionary leadership looks beyond daily, weekly, monthly, quarterly results and has a view of the big picture. The decisions are made...the long-term [could you close the door] I’m trying to think.

He further elaborated,

Philosophy definitely comes into play, but I think visionary leadership is based on that long view and the decisions kind of transcend the fires that you have to put out on a daily basis. Don’t get mired in the day to day. You look towards...okay where do I think the organization should be five, ten, twenty, fifty years from now and look beyond yourself too as a leader. We need to look to the next generation, and it is an interesting case study here at the winery, because it is a family business and of course if you want a role model for visionary leadership it is Ricardo Hernandez. Now Pablo is here and I think Pablo would be quick to say that his role is transitional.

He continued,

And that there is a third generation of Phelps grandkids and time will tell if one or more, or any of them develop an interest in and the suitable skills and vision of their own that they want to take the helm in ten or fifteen years from now, whatever the case may be. For me, being a part of this stage in the winery’s history I need to make decisions to guide us through during this very difficult economic situation. Look past that and try to determine what decision that I make now that will affect where we are when we come out of this. Where do we want to be when we come out of this. What decisions do I make now to get us there.

And look even past the current senior management to what the organization looks like in ten or fifteen years, or twenty years when I am probably getting close to retirement age. Hopefully that answers your question. Visionary leadership is a term that kind of defines itself to me. It means looking ahead into the future and not necessarily the muck and mire of the day to day.

It was pointed out that a recent three-day event just experienced at the winery supported the notion that every one of those employees that participated was communicating their pride to their customers. An executive, Francisco Torres said,

“I cannot tell you how many of our customers said to him, how much they felt the enthusiasm and the commitment to the quality and the sense of well being that our employees have; and this just shines through in a big event like they just had.

*Personal Commitment to Stay in the Forefront of the California Wine Industry for  
Producing Quality Wines*

A participant, Pablo Fernandez stated that his “leadership vision is to maintain a place near the top of the California wine industry which is getting harder and harder to do because the quality bar keeps increasing in the Napa Valley.” The winery wanted to constantly be aware of their need to stay in the Napa Valley as a family-owned winery. Another participant, Sanchez told the researcher that tradition is very valuable because it is an important component of maintaining quality and a place of respect in the wine industry.

An executive, Mr. Gonzalez, reported that wine makers are involved in creating and developing wines of excellence. He mentioned that “Together with the farming team, they are side by side 100% between the farming team and the wine-making team that is 100% of the effort to create and enhance quality.”

One executive, Francisco Torrez stated,

I would start with what is probably the most obvious. I think that working here is an incentive and I don't mean to say that in arrogant way. I think that if you, as I have, have had experience elsewhere, different industries, different jobs, different employers, and you find something that is really well suited to your skills and abilities, and gives you the opportunity to express them, then you are really onto something. I think a lot of people here feel that way, not just me, although I certainly do. I think a lot of people here are awfully proud of their association with this winery and with the Fernandez family. That is a big factor. I think that is a big factor in retention, because I know our employees get other offers. I know that they get recruited by other companies, other wineries in particular. They might be able to match us dollar for dollar, or even offer a little bit more money, although typically we are well above industry average, but I think when it comes down to it, often the deciding factor is...you know the cliché is about the grass is always greener, I think a lot of people look around and go, it doesn't get much greener than this, so that is something that I think is really unique as an incentive. And then there are the financials. I'm not going to go through the...

Research Question 2: What are the perspectives on the transformational-leadership practices shared by the winery-management team?

The second research question for the executive managers entailed discussions in which the participants identified key elements they perceived were leadership skills they brought to their positions as executive-level managers. Major themes were as follows:

*Employees are Aware of the Knowledge and Skills Necessary to do Their Jobs Well*

An executive manager, Rafael Gomez stated this was true without exception,

I think overall that could define their roles better than this winery. I think the good companies know that some roles change with time, based on a number of variables. Here going from grower to. The on-going weekly meetings that we have with staff help managers become more aware of their knowledge and skills needed to perform their jobs successfully. We have expanded on our training to teach people how to lead and supervise as part of a mentoring process. What we try to emphasize among our management team that seeing the big picture is important!

Francisco Torrez stated this was true without exception,

Hospitality and direct consumer sales for a wine club. And also marketing and communications, which is traditional marketing, advertising, relations, etc. So,

within those departments, how do I think the employees perceive their roles? I think roles here are pretty well defined. We are a small enough company where the communication is relatively strong. All of us in senior management have an open door policy where any employee can come in to talk to me or Pablo, or Rafael and Rachel at any time, and do. I think that is important in helping them, the employees understand their place in the company. I think we put a lot of importance in making our employees feel that their roles are important to the results of the company and appreciated.

He also elaborated,

Well, on an individual basis I will have one-on-one meetings with my direct reports. I set goals and review goals on a timely basis. With regards to the sales team, we will do an annual sales meeting to review the past year and look ahead to the coming year, which is an in-person meeting, and we don't get to do that too frequently because not all of our sales people are nearby residents. We have one who is based in Las Vegas and one who is based in France. So getting us all together in the same room is about a once a year activity. But as far as communications of goals and its...on a daily basis it is a little less formal and a little more constant, in the email...

Rachel Sanchez stated this was true without exception,

The executive managers mentioned that they insist on making proper investment in wine-making equipment and continuing education through seminars and classes when appropriate; and for people involved in sales, administration and other support functions to wine-making. "We make sure that they have appropriate and up to day technology to achieve those goals."

The winery has regular departmental and all-company meetings. Owner and executive, Pablo Fernandez reported that,

"I communicate by newsletter and by e-mail, and by face-to-face meetings with individual employees and departments and company as a whole. In addition to that, we have a very thorough process of employee reviews where goals are: we work very hard to communicate goals as specific and measurable the best way as possible."

#### *Historical Artifacts and Employee Communications*

Two executives, Mr. Gonzalez and Mr. Torres mentioned the importance of sharing with employees the history of the winery on an ongoing basis. In physical artifacts, "we have a good record of showing and communicating the history of the place

to employees and making them feel part of through photographs, through newsletters and other documents.” For example, the owner’s son Pablo Fernandez mentioned the oral-history documents that his father has shared with local intuitions of higher education and historical societies to help not only his employees but others to understand the importance of the family-operated winery in local Napa history. The winery executives stated that have used the artifacts as a way to market the winery to visitors and interested parties as well.

Research Question 3: What factors influence the transformational-management process of the family-operated business at the winery?

*Inclusion of the Winery Executives and Mid-management Level Staff in Winery Activities and Policymaking*

The executive manager, Mr. Fernandez said that he had just finished a very successful 3-day major test event for appreciation of the year where almost every one of their employees participated to greater or lesser degree. “I think our employees correctly perceive themselves as really being part of the exciting and unique and special team.” He further stated, “we have a really good working atmosphere around here that is caring, and mentoring, and also seeking excellence and achieving excellence.”

One executive, Francisco Torres stated,

With this management team we are all on the same page as far as our expectations, or near-term financial results and longer-term direction of the winery, especially when it comes to the ownership structure. Keeping the family in charge of its winery! I think that is much clearer then it was before!

He further elaborated,

Yeah, that was the great thing about the change, was that people that had been brought on board and some of us had been brought on board by the previous

managers, got our chance to shine, or to rise to the occasional. That is a reward within itself. Of course we are rewarded with promotions and titles and initial responsibilities. But, from outside of this little cocoon of our own company, really, no one would really notice unless there was some kind of an operational blip. Like there was a disruption in a sales channel, or we had a terrible vintage and none of that has occurred, so operationally we did not skip a beat.

He continued by stating,

Yeah, Rachel and Maria and I in particular are a little younger than some of the other senior managers. I think we all appreciate the opportunity, especially as it points to the future. What the future is...being back about the visionary leadership, Ashley and I had a conversation about this last week. About looking ahead ten years and trying to picture what the company looks like and our roles in it. So, yeah, it is great to sit here and be a part of this team, but it doesn't take me too long for my mind to wander and look forward to...like okay these are all the challenges that are going to follow me in the future. It is all good, it is just preparing.

### *Management and Leadership at the Winery*

From a management perspective, one executive, Mr. Gonzalez indicated that a “gentle communication of new ideas and policies seem to work at the winery. We do not use an iron fist here to communicate change. It’s reflected and communicated in a pretty gentle way. “Another executive, Mr. Torres stated that “this is not the kind of place where people feel there is an ‘iron fist’ in calling the shots and dictating the terms of everything.” On the other hand, “he thinks that “authority is communicated in a gentle, positive and constructive way. That’s the atmosphere of cooperation and collegiality and not an atmosphere of top down authority-insertion of authority.”

When the researcher asked about the reward and punishment management style at the winery, Mr. Hernandez stated,

“Yes, on the punishment side, certainly do have even on rare occasion, when that is exercised. There is a system that is clearly laid out in the employee handbook; a system of disciplinary steps that can be taken. People are/will be given written



warnings and there have been occasions where they needed to demote people or take steps or discipline them or give them a warning, where if they don't change the behavior there has to be a bigger change. So the winery has a clear communicated system of disciplinary steps and/or punishment when/if necessary.”

Another executive, Mr. Torres mentioned that

On the positive side-rewards-of achieving your goals, hopefully we all communicate with each other what those goals are, and we have a clearly communicated cash bonus policy that kicks in when you achieve various percentage of your goals; occasionally not everyone gets their 100% of their goals, so they don't receive 100% bonus. If they do, they get financial recognition through cash bonus and salary increases. They were able to do that this year; in despite of the fact the economy certainly is in a difficult time.”

### *Sustainability, Change, and Transformational Leadership*

The chief executive managers and son of the owner, Pablo Fernandez indicated that the “concept of sustainability has to be really embraced throughout the company now starting with farming, but continuing through with approaches that people take to office work to conservation to careful storage ship of land and resources.” He also mentioned that his father led by example, when he donated a conservation easement over a large portion of this ranch, the land trust of Napa County, which basically preserves most of this ranch as open space. That's a very powerful message of this sustainability past. He mentioned that his view of transformational leadership is about change and that is what the executive manager has to do all the time.

The son of the owner, Pablo Fernandez also mentioned that “I'm a torch bearer, because now that my dad is older, he still comes in everyday when he is in town!” He is on vacation now so he is not in this week. Because he does not come in every day and really has retired from the day to day, having the management, it really falls to him more than anybody else to be the torch bearer, the communicator of the traditions and the history of the winery.”

### Subthemes from Interviews with Executive Managers

During the first set of interviews with the managers, the researcher related the managers' perceptions to the research questions and the aforementioned major themes were identified. The following executive manager perceptions emerged during the second set of interviews with the participants. The researcher has named these perceptions sub-themes.

Research Question 1: How does transformational leadership influence the operation of the winery?

#### *Transformational Leadership at the Winery*

The executive level managers felt that transformational leadership at the winery is related to what it means to make the winery successful. Ms. Sanchez responded, "If you mean how or what do I mean transformational leadership is, I think it is something that will bring the winery a more successful harvest because we change the way we do things." Other participants, Sanchez and Gomez said that "it means tremendous support for the management team and will help create a more together family here." One other participant thought that transformational management would make it easier to get a promotion in the organization because there would be more shared recognition by the executive team of successful and high-performing personnel. Rafael Gomez explained, "that being an executive manager in a winery is like being a spoke in a chain. If we do not all work together then many problems will occur."

Research Question 2: What are the perspectives on transformational-leadership practices shared by the winery-management team?

### *The Critical Nature of Team Membership*

Several executive managers, Sanchez and Gomez commented on the fact that, “Everyone who works here is important. We are all part of a team.” The participants were unsure if that meant that the executive team was transformational. However, there were comments about how the executive team was always thinking about ways to change and make their company more productive. One executive, Mr. Fernandez explained that they have had company challenges, however, they have worked together to overcome those issues. The executive-level group opinioned, “we try to make people feel significant. If they feel significant then they will do a better job for the company. “Every company goes through transitions, our company, we are not unlike any other company in that regard.” Pablo Fernandez commented to the researcher that you must not forget we are a family-owned winery so that we tend to manage from the top down, but still consider the importance of people at the lower levels.

### *Winery Production, and Management*

Because most wineries have a primary interest in production and quality of wines, the topic of the importance of making excellent wines was expressed by the participants. Mr. Gonzalez stated, “that he communicates his priority goals and policies to the people he supervises by stressing with the people who supervise the importance of “wine taste”; and what the wine would taste like if it went bad” Ms. Sanchez went on to explain that she tells her staff what to do every step of the way in wine production. She explained that “one should not be hands on/micro manager, but to be sure the staff understands why things are being done in a certain way.”

Rafael Gonzalez stated,

Sometimes the lack of fear is a key ingredient to making good wine. Fears clouds your judgment. Fear makes it often makes it very difficult to see what is happening in front of you because of a fear to look beyond the clouds. Let me tell you there is a lot of really good ordinary wine in the Napa Valley. What makes excellent wines is good vineyards and experimentation. In regards to experimentation you never want to be too conservative or on the hand totally to the left. But what you must do is foster a culture of cultivation where you can try different stuff. Most really, really good wine is based upon faith, science, and raw guts.

### *Winery Management and Training*

Ms. Sanchez explained that the company has a summer-intern management program. The program begins at the summer harvest and continues to train employees about wine production and quality-control measures. Another executive manager, Mr. Dubois explained that it is important for employees to understand the importance of sanitization and preventing crop spoilage. The researcher was told by Mr. Dubois that production management is an important aspect of transforming the winery into producing quality wines.

Research Question 3: What factors influence the transformational-management process of the family-operated business at the winery?

### *Belief System of Family Operated Management*

It is important for all members of the executive management team to believe in the mission goals and values the winery and its founder. One participant, Ms. Sanchez commented that:

“for me it means tremendous support from our management team and a tremendous belief system from the top all the way down to the bottom. And it means a lot to me and creates a family fence here at the winery.”

### *Transformational Management as a Concept*

One participant stated, that “I do not truly understand the concept of transformational management because most of my training focused on how to make quality wines and not how to manage people” However, another participant, Ms. Sanchez stated that “I think it means thinking more clearly about how to change the organization with the support of the whole management team.”

### *Executive Manager Summary*

Although the winery structure, experiences, and make-up varied according to managers, all of the executive managers shared similar concerns and a desire to keep the ownership of the winery in control of the family. They were all concerned that maintaining family ownership of the winery directly linked to the financial sustainability of the winery. In addition the team appeared open to learning more about transformational management and what it could mean for the operations of the winery.

### *Major Themes of Midlevel Managers*

The mid-level managers also discussed the current vision of the executive managers as well as past and retired manager’s. As a result of the dialogues, the research questions related to the major generative themes of the mid-level managers were very similar to the ones emanating from the executive managers. The themes for the mid-level managers are outlined in Table 3.

Table 3

*Research Questions and Major Themes Related To the Leadership Influences of Mid-Level Managers at the Winery*

Question	Major themes
Research Question 1: How does transformational leadership influence operation of the winery?	Influence of the owner's vision.
Research Question 2: What are the perspectives on the transformational leadership practices as share by the winery management team?	Perceptions about the winery's history.
Research Question 3: What factors influence the transformational management process of the family-operated winery?	Perceptions about the collegiality among the winery coworkers.

Research Questions 1: How does transformational leadership influence the operations of the winery?

*Mid-level Vision and Leadership at the Winery*

Mid-level managers cited the owner's vision of searching for the best areas in the Napa Valley to plant and grow grapes. Mr. Dubois said that the owner's vision is one that he admires. Ms. Valdez indicated that the owner's vision to grow higher quality Burgundy-Pinot noir and Chardonnay wines showed his vision to enter a higher quality wine market, which could be a risk, but she agrees with this philosophy.

Another mid-level manager, Francois Dubois further elaborated,

In order for us to exemplify excellence from the ground up we have to be enthusiastic and have a passion for what we do. To show up to work on time because that is very important! To communicate very clearly and regularly what needs to be done. Or if things don't get done why and where do we go next! Our philosophy is to grow the best grapes possible that reflect the sites on a consistent basis. If we don't do what we are supposed to do in the vineyards it can impede the process in the cellar.

Research Question 2: What are the perspectives on transformational-leadership practices as shared by the winery-management team?

### *Mid-level Perspectives and Team Management*

The winery executives have given us a mandate to seek higher success in our wine-making. However, Ms. Sanchez thought that “we feel like a team even with the mandate. I feel motivated to keep the winery among the best in the Napa Valley.”

### *Perceptions of the Relationship Between Mid-level Managers and Executive Managers*

“The executive folks trust us to make the winery an excellent product” reported, Mr. Gates “They trust us to utilize our talents in a productive way. This winery business is very high risk, so we have a lot of responsibility” Apparently the mid-level managers see themselves as a valued component of the winery team; and the executive managers do as well.

Research Question 3: What factors influence the transformational-management process of the family-operated business at the winery?

### *Midlevel Management and Job Satisfaction*

Most mid-level managers have worked at the winery for a long period of time.

One midlevel manager, Mr. Gates stated,

“that there are people who have a depth of knowledge like I have and, they are very important in communicating and working together within the winery organization. For example, Evelyn who has been here for 34 years, such as Rafael who has been here 28 years, people like Bruce Batty who been here 25+ years people and like Herman Corro and Tina Corro who have been here for 30+ years. We are all very important in our own work, and the executive management makes our duties important.”

The mid-level managers communicate a felt history and tradition of working at the winery. Also, the executive manager, Mr. Gonzalez mentioned that

“at the mid management levels, at different management levels all the way through, we have been very fortunate to be able to attract the highest quality of people at all levels and to help us to communicate that vision that need.”

A mid-level manager, Ms. Sanchez stated, “we are very lucky that people really want to work here. When we have a position that comes open, we have help communicate that vision at a level of quality to them.” A few of the mid-level managers stated that they felt the same way. One participant Mr. Gonzalez, indicated that he had worked at the winery for 28 years and said “I like the work environment. The people I work with are very caring: it is like working in a family.”

#### *Working in a Clean and Safe Winery Environment*

One participant, Ms. Valdez stated that “she is allowed to purchase the newest and best technology and equipment for the winery. She understands from the higher-ups that they want the winery to be a safe place to work for the employees.” In the wine business, the best equipment allows the company to apply excellent techniques through experimentation, which can result in a quality product. Another mid-level manager, Mr. Gates explained that the training component of the winery is so important. He said that by keeping the employees informed about the process of making wines every step of the way “ensures a better team spirit and safety for them.”

Mid-level manager, Francois Dubois stated,

Being observant is very important to us as a viticulture staff! Because we work in an industry that is farming and heavily based upon weather. Weather can change the best laid plans! Advancement in technology has helped us tremendously. We now use aerial photography of a vineyard block. The color of the vine leaf gives the vigor or growth of the vines. We also use GPS to help our vineyard workers know where to stop plowing in a single vineyard block.



### *The Winery Mentoring Process*

All of the mid-level managers commented on the success of the winery-mentoring program. Ms. Valdez stated that

“it is one of the best in the Napa Valley wine business because it is a start-to-finish program. “We teach our interns about the production process, about soils, grape tasting, weather condition for growing quality wines and fungus growth control”.

Another mid-level manager, Mr. Gates commented that, “we consult professors in the wine-making curriculum from the local colleges about research and new ideas so that our program is kept very current.”

### *Summary of Midlevel Manager Themes*

The mid-level managers as a group consider themselves as making contributions to the success of the winery. Several years ago, the winery executives reported in their archival documents that they wanted to expand their operations. According to this group of mid-level managers, they were a bit hesitant about changing and expanding the operation, but later realized that the executive managers had “the interest of the winery at heart.” If the winery organization decided to take more risks in the market, then they seemed to agree that this was a good thing. Further, the mentoring program with interns seemed to focus on production and marketing and not on how the winery is managed, other than informing the interns of the importance of the winery vision.

### Summary

As previously noted, chapter 4 focused on the research findings as a result of the dialogue interviews with executive and middle-level managers. The managers, both executive and mid-level, had an opportunity to have their voices heard about their vision,

management issues, and leadership thoughts about a family-owned winery. Chapter 5 is the last chapter of the study. Chapter 5 was designed to discuss the conclusions and implications of the findings of the study and its recommendations for professional education and future research among the management officers of a Napa Valley family-owned winery organization.

## CHAPTER V

### DISCUSSION, CONCLUSION, IMPLICATIONS AND RECOMENDATIONS

#### Introduction

The purpose of this study was to listen to the perspectives of executive and mid-level managers of a northern California winery about their reflective responses and opinions on how transformational-leadership practices contribute to its position and reputation in the wine industry and therefore influence their perspectives as a sustainable and successful business operation. The aim of the research, in conducting qualitative interviews with the management team, was to identify specific practices that embodied transformational leadership such as vision, care, and motivation. In addition the study explored, through its interview questions, if there were factors outside of farming and production of varietals that contribute to overall business effectiveness. More importantly, it explored whether the characteristic of transformational theory was inherent in the practices in the organization and whether these practice contribute to the company's success.

The statement of the problem indicated that the available information on the history, philosophy, and organizational management of family-owned wineries revealed that most family-owned wineries focused on viticulture, enology, production, and marketing of wine production and not management style. Although honors have been awarded the family-owned winery for its quality winemaking, the winery has given a lower priority to observing leadership-styles techniques among its management personnel. Producing and marketing a quality product is given a higher priority as a business goal. However, in this context, the study revealed the importance that the

organization has place on creating and sustaining a vision that encompasses leadership. The vision of the primary owner in the family-owned winery had been the driving force behind its success and sustainability. This visionary style of the winery has mostly been related to the vision of the family owner's philosophy and has trickled down to management and staff positions.

The findings of the study related to the statement of the problem because transformational-leadership themes did emerge based on the research participants interview responses. The vision of the family-owned winery in the study was inherent in the executive and midlevel management personnel responses. Both groups stated that they incorporated the family-vision philosophy into their mentoring, programs, staff meeting, and literature that is communicated to other member of the organization.

While the literature review revealed that although production and marketing are the key hallmarks of any successful wine-producing enterprise and that management and leadership are important components of success, there are few studies that focus specifically on organizational management as a tool for sustainability and success. The research showed that the wine industry is very competitive in its quest to deliver fine, quality wines to the consumer. The literature search documented that the wine industry, and in particular family-owned wineries such as the one in this study, are very much depended on by local historical documentation such as oral histories "to tell its story of successful wine-making" to other wineries and the larger, interested national and international wine-making community membership. The literature review of J.M. Burns (1978) and his notion of transformation and change appeared to be a relevant aspect of risk-taking in the wine industry where weather conditions and uncertainly appeared to

prevail in the production of grapes for winemaking and where managers need to make management decisions to sustain their competitive business edge.

The theoretical rationales that helped to guide the research were theorists in the field of transformational leadership and vision development, (Bass, 1985; J.M. Burns, 1978; Kouzes & Posner, 2002). The theories of these researchers were selected because of their focus on defining leadership characteristics with components of intellect, stimulation, care, and concern. The transformational leadership characteristics appeared to be inherent in family-owned wineries in which family vision and values appeared to be very important for sustainability within the industry.

Based on the findings of the study, both executive and mid-level managers indicated that the management of the winery was at their top priority and related the leadership to executing the vision of the family owner who started the winery. According to the documents, his vision was to make quality wines, expand the winery when opportunities existed, and provide winery personnel with a warm and caring, family-like work environment from which the term “excellence from “the ground-up” was articulated as a winery brand. This characteristic of “caring” is consistent with Bass’ theory of transformational leadership in an organization.

The results of this study indicated that a family-owned winery has created a vision that is inherent in its business plan; and guides it through its operational production to achieve sustainability and success. This leadership characteristic contributes positively to the winery, enabling it to stay competitive in the industry and produce fine wines.. In addition, the management is motivated, another leadership characteristic, by its need to survive as a wine-making leader in the Napa Valley and sustain its growth.

## Discussion

### *Conclusions, and Implications*

Through interviews with members of the executive and mid-level management personnel of the family-owned winery, the researcher identified the characteristics of transformational leaders identified by Bass (1985), which included such traits as inspiration, intelligence, stimulation and concern outlined in the review of the literature. Bass asserted that leader's transform their followers by modeling these characteristics and followers would then identified with the core values and behaviors of the leader. Likewise, according to J.M. Burns (1978) the emergence of transformational leadership is the leader making changes in the organization as a result of this type of leadership style, that transformational leadership is a process of elevation among leaders and followers with a direct impact on organizational effectiveness.

The work of Kouzes and Posner (2002) focused on the leader as a visionary. There are specific leader behaviors that inspire a shared vision from leader to follower that enable others to act and model the behavior of the leader.

The participant responses generated major themes from the part related to vision performance and management techniques. However, as the researcher found in the literature review, chapter two, there were few responses related directly to transformational leadership and leadership styles even though some of the characteristics were evident. Some of the participants spoke about their vision and the vision of the owner that started the winery, the importance of their archives and documents that relate the historical significance of the winery to the Napa Valley and its development over the years; there was a paucity of information gleaned from participant conversations about

leadership as an agent of change and transformation. The researcher response to this phenomenon is that wineries have not thought much about their styles of leadership, but rather about production. This lack of focus on winery management and leadership is evident in the literature review and in documents in the area of winemaking at local college and university libraries and historical societies. This gap in the literature, in the academy, and in the management organization of the family-owned winery gives credibility to the need for the researcher to have undertaken this study.

As stated previously in the purpose the study, the researcher listened to feedback from the participants, regarding their perspectives and reflective responses about transformational-leadership practices exhibited at the winery. The aim of the research, in conducting qualitative interviews with the management team, was to identify specific practices that embodied transformational leadership such as vision, care, and motivation. Both the purpose and the aim of the study were accomplished by the researcher.

In conclusion, the emergence of leadership characteristics were revealed in the findings as a result of the qualitative interviews related to issues outlined in the statement of the problem. Results revealed some interesting similarities and differences between the two groups, which the research questions addressed in the study. In terms of the frequency with which experiences in the themes were mentioned, there were many similarities between the executive and mid-level managers' responses. The executive level managers attributed many of their managerial decisions to the paradigm established by the owner. One in particular focused on quality and safety and striving for excellence in wine productions.

The review of the literature showed employee participation is encouraged and rewarded and may have an impact on efficiency and quality standards. The family and team approach has also provided a platform for the winery to reach industry milestones in production. The participant responses demonstrated an interest by the participants in working together as a team while moving toward quality control in the production of winemaking.

#### *Recommendations for Professional Practice*

The results of this study had several implications and recommendations for professional practice. The study and can be helpful in either expanding the current mentoring training among managerial staff, department supervisors (production, wine-making, viticulture, financial, marketing & sales) at the winery. However, the findings of this study suggested that the existing training programs that focus on mentoring wine production should include some academic components on management and leadership in winemaking organizations. Finally, wineries should continue to participate in research studies such as oral histories that allow their voices to be heard through personal accounts. This process would allow further documentation of the history and management mentoring processes that would otherwise go untold after the retirement or death of the founders.

There was also evidence that family-owned wineries had the tendency for group-thinking to occur because of the charismatic qualities of the founders. Acceptance of the goals and principles set forth by the owner may impede progress of the winery as an organization and increase the level of nepotism that occurs in the organizations. In addition, it may also impede individual problems solving and critical thinking or cause



dysfunctional individual behaviors in the environment if the individual goal is to always be a member of the group.

#### *Recommendation for Educational Practice*

The results of this study also had several implications for educational practice. The study and can be helpful in either expanding the winemaking curriculum to include winery-operations management courses at colleges and universities in California such as the University of California-Davis, Sonoma State University, and Santa Rosa Junior College. However, the findings of this study suggested that the existing programs that focus on wine production should include some academic components on management and leadership in winemaking organizations. Finally, colleges and university that offer enology programs may want to cite the kinship between public and private ownership of wineries. Such collaboration may allow winemakers to learn about management and leadership strategies from each other. It may also encourage sharing of the dynamics of the different management paradigms that may contribute to wine-making sustainability and success.

This research study may also be helpful to add professional development courses to the existing curriculums at University of California-Davis and Sonoma State University and California. It was suggested that subjects focus on Wine Business Leadership, Wine Business Management Dynamics, and Wine Business Organization & Culture to the current course offerings at these universities.

#### *Recommendations for Future Research*

This study also provides recommendations for future research. Further exploration of the importance of the mentoring process among executive managers that are family

members may have variations and psycho-social implications. For example, the pressure for dependents of the founder/owner to follow and live in the shadow of the owner and make the family business prosper may inhibit them from pursuing other careers or making needed changes in the organization. A study of individual family members of family-owned wineries may add new knowledge to the winemaking industry. For example, each family member may have a varied perspective of their role in a family owned winery and how their contribution to the family enterprise may be viewed by other family members. Thus each individual family member's ideas for change and economic sustainability of the winery may provide new information about leadership and management when recorded in conversations and interviews through a research paradigm.

The researcher noted a few studies focused on family-owned wineries in Australia during the process of this research. It would be interesting to undertake international, comparative studies of such wineries in the U.S. and those in Australia, discerning, how family-owned wineries are managed and the leadership paradigm used to maintain their sustainability and competitive marketing in their winemaking industries. The research could focus on the socio-cultural aspects family owned of wine making and transformational leadership styles in other countries such as France and Italy as well.

There are clearly additional studies that could be conducted to shed light on the similarities and differences between the executive and mid-level managers at family-owned wineries. The present research uncovered some interesting parallels between the two groups and contributed to the current available knowledge about the transformational practices at the family-owned winery. Parallels the researcher discovered were the

similarities between executive and mid-level managers regarding their support and stakehold in the owner's vision. Having a clearly articulated vision about viticulture, marketing, and production both management groups seemed to unite the management team and motivate them towards creating a seamless organization.

Although the purpose of this study was not to focus on wine-making in the corporate sector of the wine industry, comparative studies of family owned wine-making and corporate owned wineries may provide an interesting patterns of transformational leadership among mid level and executive levels even though the economic and productivity scales may vary. Future research in the aforementioned area may provide the wine industry with comparative and competitive data for leadership and management decision-making.

#### *Final Reflections*

The findings of the present study revealed that there are more similarities than difference between the transformational-leadership practices of executive and mid-level managers at the family-owned winery. The number of experiences cited by both management groups, which promoted the visionary aspects of what they do and how they perform their jobs to achieve quality and excellence in wine production was an interesting finding.

The results of the present study also provided some surprises to the researcher, who expected to find more differences than similarities among the executive and mid-level managers. In this research study, the two groups revealed similar types of experiences and those experiences had similar kinds of effects on the transformational aspects of how they manage on a daily basis.

However, the researcher noted that both management groups still focused primarily on the production of a quality wine product as paramount in winery management. A very positive aspect of the study revealed that both groups began to think more about leadership and vision; and leadership and management as the researcher entered into conversations with them. It was clear that the executive managers had not thought much about their management styles as transformative in certain ways. The study shed new light for them on their leadership and management styles as well as how their winery performed as a team to produce excellent wines.

The results reveal that current wine-production methods are sound and should be maintained. In addition, departments at the winery may wish to create further mentoring programs for employees in an effort to maintain a collegial environment that underscores the importance of a viable and sustainable wine-operations enterprise in the future. Specifically, the winery may wish to develop a more intensive new-employee, educational training seminar for new hires that incorporates the transformational leadership paradigm at the winery.

From another educational perspective, the researcher concluded that the study may influence how colleges and universities review and develop their wine management curriculum and courses of study. During the process of the study, the researcher conducted a conversation with Dr. Armand Gilinsky, Jr., the Director of the Sonoma State Wine Business Institute. The director was very interested in the researcher's study and commented that he would review the findings in light of the faculty periodic program review of its curriculum offering. It is clear that transformational leadership practices in

wine making may enhance the knowledge and skills of future students in the wine making business.

In conclusion, this study was a seminal one in the wine making industry in Northern California. Past studies have focused on the historical aspects of winemaking in Northern California, the production process of wine making, the tasting of fine quality wines and its competitive markets. This was the first study that had a primary focus on the leadership styles and practices of a winery, in particular a family owned winery. The study has added a new body of scholarly knowledge to the wine making industry and the education of future wine-makers.

## REFERENCES

- Adams, J. (Ed.) (1986). *Transforming leadership: From vision to results*. Alexandria, VA: Miles River Press.
- Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.
- Bass, B. M., & Avolio, B. J. (1994). *Improving organizational effectiveness: Through transformational leadership*. San Diego, CA: Sage.
- Bass, B. M., Avolio, B. J., Jung, D., & Berson, Y. (2003). Predicting unit performance by assessing transformational and transactional leadership. *Journal of Applied Psychology, 88*, 207–218.
- Bass, B. M., & Riggio, R.E. (2006). *Transformational leadership (2<sup>nd</sup> ed.)*. Lawrence Erlbaum Associates Inc., Mahwah, NJ.
- Beverland, M., & Lockshin, L. S. (2001). Organizational life cycles in small New Zealand wineries. *Journal of Small Business Management, 39*, 354–362.
- Burns, J. M. (1978). *Leadership*. New York: Harper & Row.
- Burns, P., & Whitehouse, O. (1996, August). *Family ties* (Special report of the 3i European Enterprise Center). Milton Keynes, UK: European Enterprise Center.
- Camilleri, C. S. (2008). Sharing Yalumba: Communicating Yalumba's commitment to sustainable winemaking. *Corporate Communications, 13*(1), 18–41.
- Cartin, P. (1999). *Principles and practices of organizational performance excellence*. Milwaukee, WI: ASQ Quality Press.

- Charters, S., Davis, N., Brown, A., Clark-Murphy, M., & Walker, E. A. (2008). Managerial expertise in the Australian wine industry. *International Journal of Wine Business Research*, 20, 138–152.
- Creswell, J.W. (2005). *Educational Research: Planning, Conducting, and Evaluating Quantitative and Qualitative Research* (2<sup>nd</sup> ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Gillinsky, A., & McCline, R. (1999, June 21). *Entrepreneurial growth strategies: An exploratory study of the California North Coast Wine Industry*. Paper presented to the International Council of Small Business, Naples, Italy.
- Haddadj, S. (2003). Organization change and the complexity of succession: A longitudinal case study from France. *Journal of Organizational Change Management*, 16, 135–153.
- Hanks, S. H. (1990). *An empirical examination of the organization life cycle in high tech organizations* (Unpublished doctoral dissertation). University of Utah, Salt Lake City.
- Hicke, C. (1995). *Joseph Phelps Vineyards: Classic wines and Rhone varietals by Joseph Phelps*. Berkeley: Bancroft Library, Regional Oral History Office, University of California.

- Kidd, S., & Kral, M. (2005). Practicing participatory action research. *Journal of Counseling Psychology, 52*, 187–195. doi: 10.1037/0022-0167.52.2.187
- Kouzes, J., & Posner, B. (2002). *The leadership challenge* (3rd ed.). San Francisco: Jossey-Bass.
- Kupers, W., & Weibler, J. (2006). How emotional is transformational leadership really? Some suggestions for a necessary extension. *Journal of Leadership & Organization Development, 27*, (5), 368-383.
- LeBrasseur, R., Whissell, R., & Ojha, A. (2002). Organisational learning, transformational leadership and implementation of continuous quality improvement in Canadian hospitals. *Australian Journal of Management, 27*, (2) 142-162.
- Merriam-Webster.com. (2009). *Viticulture*. Retrieved 11/25/09.  
<http://www.merriam-webster.com/dictionary/viticulture>
- Miller, D., Le Breton-Miller, I., & Scholnick, B. (2008). Stewardship vs. stagnation: An empirical comparison of small family and non-family businesses. *Journal of Management Studies, 45*, 50–78.
- Morgan, G. (2006). *Images of organization*. Thousand Oaks, CA: Sage.
- Moss, A.T. (1992). *Some how's and why's of leadership: An exploratory study of situational variance and power motive patterns in transformational and transactional leadership practices*. Master's thesis, Auckland University, Auckland, New Zealand.
- Nall, R. B. (1989). *Quantrell Champagne Cellars: Anatomy of a failing family enterprise*. Rohnert Park, CA: O'Dell.



- O'Farrell, P. N., Hitchens, D. M. W. N. (1988). Alternative theories of small-firm growth: A critical review. *Environment and Planning*, 20, 1365–1383.
- Robbins, S. P., & DeCenzo, D. A. (2004). *Fundamentals of management: Essential concepts and applications*. Upper Saddle River, NJ: Pearson Prentice Hall.
- Sashkin, M., & Sashkin, M. G. (2003). *Leadership that matters: The critical factors for making a difference in people's lives and organizations success*. San Francisco: Berrett-Koehler.
- Schein, E. (2004). *Organizational culture and leadership* (3rd ed.). San Francisco: Jossey-Bass.
- Seltzer, J., Numerof, R.E. & Bass, B.M. (1989). Transformational leadership: Is it a source of more or less burnout or stress? *Journal of Health and Human Resources Administration*, 12, 174-185
- Smith, R. (1998). *Joseph Phelps Vineyards: The first twenty-five years*. St. Helena, CA: Joseph Phelps Vineyards.
- Stoeberl, P. A., Parker, G. E., & Joo, S. J. (1988). Relationship between organizational change and failure in the wine industry: An event history analysis. *Journal of Management Studies*, 35, 537–555.
- Teiser, R. (1986). *Joseph E. Heitz: Creating a winery in the Napa Valley, An oral history*. Berkeley: Regional Oral History Office, Bancroft Library, University of California.
- Teiser, R. (1990). *Paul Masson Winery operations and management, 1944–1988* (Wine Spectator, California Wineman Oral History Series). Berkeley: Regional Oral History Office, Bancroft Library, University of California.

- Teiser, R. (1992). Richard L. Maher: California winery management and marketing. (Wine Spectator, California Winemen Oral History Series) Berkeley: Regents of the University of California.
- Tichey, N. M., & Devanna, M. A. (1986). The transformational leader: Molding tomorrow's corporate winners. New York: John Wiley & Sons.
- United States Wine Market. (1997), *Impact databank review and forecast*. New York: M. Shanken Communications.
- Viticulture and Enology Department. (2007). Retrieved 4/30/09 from <http://wineserver.ucdavis.edu/content.php?category=Academics>. Davis: Regents of the University of California.
- Wine Enthusiast. (2002). Retrieved 7/30/09 from [http://www.jpvwines.com/uncorked\\_springsummer2004.html](http://www.jpvwines.com/uncorked_springsummer2004.html)
- Wolcott, H.F. (2009). *Writing up qualitative research*. Newbury Park, CA: Sage

## APPENDIXES

Appendix A: Informed Consent Form University of San Francisco Consent to be a  
Research Subject

Purpose and Background

1. Brian Phifer, a graduate student in the School of Education at the University of San Francisco is conducting a study on the Organizational Culture and Transformational Leadership practices at a Northern California, family-owned, independent, estate based winery.
  - a. I am being asked to participate because I am a manager at a Northern California, family-owned, independent, estate based winery.
  - b. If I agree to be a participant in this study, the following will happen:
  - c. I will complete a short questionnaire about my background
  - d. I will participate in an interview about my perception of organizational culture and transformational leadership
  - e. I will engage in a dialogue at a place convenient to me

Risk and/or Discomforts

1. I am free to decline to answer any questions that I do not wish to answer or that makes me feel uncomfortable.
2. Confidentiality will be maintained as I participate in the study. Records will be kept confidential and no individual or identities will be used in any reports or publications resulting from this study.
3. Study information will be kept in locked files at all times.

Benefits

1. There will be no direct benefit to me for participating in this study. The anticipated benefit of this study is a better understanding of perceptions of equality and how it affects decisions and relationships.

Cost/Financial Considerations

1. There will be no financial costs to me as a result of taking part of this study.

Payment/Reimbursement

1. I will not be paid for my participation in this study

Questions

1. I have talked with Brian Phifer about this study and have had my questions answered. If I have further questions about the study, I may contact him at (707) 815-6307.
2. If I have any questions or comments about participation in this study, I should first talk to the researcher. If for some reason I do not wish to do this, I may contact the IRBPHS which is concerned with the protection of volunteers in research projects. I may reach the IRBPHS office by calling (415) 422-6091 and leaving a voicemail message, by e-mailing [IRBPHS@usfca.edu](mailto:IRBPHS@usfca.edu) or by writing to IRBPHS, Department of Psychology,

University of San Francisco, 2130 Fulton Street, San Francisco, CA  
94117-1080.

Consent

1. I have been given a copy of the “Research Subject’s Bill of Rights” and I have been given a copy of this consent form to keep.
2. **PARTICIPATION IN RESEARCH IS VOLUNTARY.** I am free to decline to be in this study, or to withdraw from it at any point. My decision as to whether or not to participate in this study will have no influence on my present or future status as an employee with my employer. My signature below indicates that I agree to participate in this study.

Subject’s Signature \_\_\_\_\_ Date of Signature \_\_\_\_\_

Signature of Person Obtaining Consent \_\_\_\_\_ Date of Signature \_\_\_\_\_

## Appendix B: Demographic Questionnaire

The following questions were posed to the research participants to gain information about their personal backgrounds.

1. Background and demographics?
  - a. What is your full name?
  - b. Where were you born?
  - c. When were you born?
  - d. Where did you grow up?
  - e. What is your education?
  - f. What are your hobbies?
2. Where is your present community?
  - a. What was your father's occupation?
  - b. What was your mother's occupation?
  - c. What is your current occupation?
  - d. What factors made you choose the wine industry for a career?
3. What was your first experience with wine like?
  - a. What brought you to the winery?
  - b. What is your previous wine experience?
  - c. What is your specific job title?
  - d. What functions of the winery do you manage?
  - e. What are your primary work responsibilities?
  - f. What are your work challenges as a manager?
  - g. What are the intrinsic rewards you see from your work?
  - h. What are the extrinsic rewards you see from your work?

## Appendix C: IRBPHS Approval

From: irbphs [mailto:[irbphs@usfca.edu](mailto:irbphs@usfca.edu)]  
Sent: Thursday, February 12, 2009 9:05 AM  
To: Phifer Brian  
Cc: Patricia A Mitchell Ph D  
Subject: IRB Application # 08-096 - Application Approved

February 12, 2009

Dear Mr. Phifer:

The Institutional Review Board for the Protection of Human Subjects (IRBPHS) at the University of San Francisco (USF) has reviewed your request for human subjects approval regarding your study.

Your application has been approved by the committee (IRBPHS #08-096). Please note the following:

1. Approval expires twelve (12) months from the date noted above. At that time, if you are still in collecting data from human subjects, you must file a renewal application.
2. Any modifications to the research protocol or changes in instrumentation (including wording of items) must be communicated to the IRBPHS. Re-submission of an application may be required at that time.
3. Any adverse reactions or complications on the part of participants must be reported (in writing) to the IRBPHS within ten (10) working days.

If you have any questions, please contact the IRBPHS at (415) 422-6091.

On behalf of the IRBPHS committee, I wish you much success in your research.

Sincerely,

Terence Patterson, EdD, ABPP  
Chair, Institutional Review Board for the Protection of Human Subjects

-----  
IRBPHS - University of San Francisco  
Counseling Psychology Department  
Education Building - 017  
2130 Fulton Street  
San Francisco, CA 94117-1080

(415) 422-6091 (Message)

(415) 422-5528 (Fax)

[irbphs@usfca.edu](mailto:irbphs@usfca.edu)

-----  
<http://www.usfca.edu/humansubjects/>



## Appendix D: IRBPHS Modification Application Approval

From: irbphs [mailto:[irbphs@usfca.edu](mailto:irbphs@usfca.edu)]  
Sent: Tuesday, April 21, 2009 3:09 PM  
To: Phifer Brian  
Cc: Patricia A Mitchell Ph D  
Subject: IRB Application # 08-096 - Modification Application Approved

April 21, 2009

Dear Mr. Phifer:

The Institutional Review Board for the Protection of Human Subjects (IRBPHS) at the University of San Francisco (USF) has reviewed your request for human subjects approval regarding your study.

Your modification application has been approved by the committee (IRBPHS #08-096).

Please note the following:

1. Approval expires twelve (12) months from the dated noted above. At that time, if you are still in collecting data from human subjects, you must file a renewal application.
2. Any modifications to the research protocol or changes in instrumentation (including wording of items) must be communicated to the IRBPHS. Re-submission of an application may be required at that time.
3. Any adverse reactions or complications on the part of participants must be reported (in writing) to the IRBPHS within ten (10) working days.

If you have any questions, please contact the IRBPHS at (415) 422-6091.

On behalf of the IRBPHS committee, I wish you much success in your research

## Appendix E: Some Additional Interview Questions Used to Guide the Dialogue

*In addition to the questions related to transformational leadership rubric found in the methodology section of the study, the following questions were included in the conversations with the participants.*

1. Have you heard the term, “transformational leader” before? If so, please explain.
2. What do you think a transformational leader in the wine industry would look like in your work setting?
3. What changes have you noticed that have taken place in this winery since you have been employed here?
4. Do you think this winery is successful? If so what do you think is responsible for its success?
5. In what ways do you think the winery is competitive with other family owned wineries in the Napa Valley area?
6. What is your perception of how people are treated as employees at the winery?
7. What does the winery do to sustain itself as a leader in the field of winemaking?
8. In what ways has the winery taken risks as an industry leader?
9. In what ways do you work with the mid-level managers and your colleagues?
10. Is there anything special about being a mid-level manager in this winery?
11. Describe your most challenging relationships with the workers?
12. Is there a vision among the workers and staff similar to that of the owner and other executives at the winery? If so how is this vision articulated?
13. Do you think there is a team spirit among the executives, managers and staff at the winery?
14. How do you communicate your performance goals to people you supervise?
15. Do you think the winery mentoring program is successful?
16. What is the most important aspect of your job that you like best?
17. Do you have any questions that you would like to ask me?