FOCUS ON FAMILY-OWNED BUSINESSES

Thriving on the vine

Oklahoma natives rise to challenges for wine business

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THE JOURNAL RECORD

SANTA ROSA, Calif. – Oklahoma natives Casidy Ward and Lynn Hofacket had no intention of getting into the wine business in 1991, when they purchased 165 acres in Northern California for $140,000.

“We are unlikely people to be in the wine business,” Ward said.

They planned to develop the rural property in the Mayacamas Mountains for residential use. But those plans proved unworkable.

One problem was the remote location. It was the former site of a private hunting club. Another problem was the steep mountain slopes and elevations ranging from 900 to 1,700 feet.

“It is not an easy job to build a house in the country in California,” Ward said in a telephone interview. “We would have to make improvements to the road. We would have to get the land perked to their standards.”

So the husband-and-wife team adjusted their plans for the mountainous site.

“Both of us had been interested in having our own business,” Ward said. “We searched for different things we could do.”

It took a while, but they ended up in the wine business with their own vineyard. They operate Hidden Ridge Vineyard with about 54,000 grape vines.

“Basically we are on two ridge tops,” Ward said.

Their early grape crops were sold to other winemakers, but over the years their business evolved and now they allocate their entire crop to their own cabernet sauvignon.

“We just have the one wine,” Ward said. “We decided to do one thing and do it well.”

They do not operate a winery but use a custom winery to produce the cabernet sauvignon.

Their decision to use their land for a commercial vineyard evolved to fit their skill sets.

Hofacket grew up on a wheat and cattle ranch near Chattanooga south of Lawton. He played basketball in high school, at a junior college and North Texas State University, now the University of North Texas.

Ward grew up in an entrepreneurial family in Enid. Her father is Lew Ward, chairman of Ward Petroleum. She studied political science and petroleum engineering at the University of Oklahoma. She has a master of business administration degree from the Thunderbird School of Global Management.

“I spent all of my formative years in Enid,” Ward said. “It was great growing up in an entrepreneurial family.”

They met while Hofacket was working in real estate in Oklahoma City and ended up getting married.

In 1989, they decided to head west and moved to Santa Rosa north of San Francisco. They renovated a house in the area and started looking for other properties to develop. That search led them to the site that is now Hidden Ridge Vineyard.

They considered several possible uses for the land before deciding on the vineyard.

That is where Hofacket’s experience growing up on the wheat and cattle ranch in rural Oklahoma came in handy.

“In a remote location you learn how to operate equipment and how to repair the equipment,” Ward said. “He was a practical farm boy.”

For the vineyard, he took viticulture classes at a junior college and visited other mountain vineyards talking with managers, engineers and viticulturists.

He purchased some heavy equipment and went to work carving the terraces on the steep slopes, planting the vines and putting in an irrigation system.

Their early crops were sold to other winemakers, who mostly blended the Hidden Ridge Vineyard grapes with other grapes.

“We found that most of our buyers were only putting a small portion of our grapes in their wines,” Ward said. “That did not fit their plans to brand their grapes.”

They also discovered that it was easier to just pick grapes for themselves. So they stopped selling grapes to other winemakers and allocated the entire crop to the cabernet sauvignon.
DURANT (JR) – As a small business owner, would you want your mom to work for you?

That’s one topic explored in a study conducted by three professors at Southeastern Oklahoma State University. Their findings are entitled “The reverse family business: an emerging trend in entrepreneurship?” The report has been accepted for publication in The Academy Entrepreneurship Journal.

Under the traditional family business model, children often work for their parents. But, according to research, this may be changing today, as more parents are being hired by their children, who also happen to be small business owners.

There are several contributing factors, according to Martin Bressler, professor of marketing and management in the John Massey School of Business. Bressler, along with Kitty Campbell, Massey professor and chair of the Department of Management & Marketing, and Brett Elliott, professor of mathematics, published the paper.

As part of their study, the professors developed a questionnaire that was distributed to small business owners across the country. Of the 828 respondents, 113, or 13.9 percent reported one or both parents working in their business.

The survey results indicated several reasons why parents are working for children – parent business expertise and financial backing, parent relationship with customers and suppliers, parents wanting to maintain a role in the company, and additional income for parents.

The results also indicated that it was more common for fathers to work for their children than mothers. The survey showed that nearly as many small business owners reported both parents working in their business.

Another area explored by the questionnaire regarded the effects of work and family relationships.

Small business owners were asked whether they believed their parent working in the business resulted in a closer relationship. Half of the respondents indicated that there was no effect on the relationship. 32 percent said that their relationship with their parents became closer; and 17.6 percent found that their relationship became more difficult.

“The reverse family business has benefits for both the child and the parent,” Campbell said. “The payoff for the child is having a trusted employee. And it can give a retired parent a new sense of purpose as well as more income.”

Even though research is limited on this subject, the results could be significant, Bressler said.

“The relationship baby-boomer parents have with their kids today is much stronger than the relationship they had with their parents while they were growing up,” Bressler said. “This seems to help fuel this trend (parents working for children) and I think it will continue to grow. At this point in time, I would guess it is probably more common in rural areas than in urban areas.”

Statistically, the survey results revealed that the northeast region of the country is most likely to have one or more parents working for a child, while the Midwest is the least likely.

If, in fact, it is a growing trend, the benefits could be positive.

“It could actually improve the success rate for startup businesses,” Bressler said. “This, in turn, would help employment and the overall economy.”