

## Success of Family Company: Critical Evidence from the United States

Anastasia Petlina

### Abstract

**Purpose of the article:** The purpose of the paper is to define the point of family company's success. The object of research is family business as an economical phenomenon. There is a double subject of this study: firstly, to find out the main resources, from which information about successful companies can be detected and, secondly, to analyze one big family company as case study for identification its key success factors.

**Methodology/methods:** The article was prepared on the basis of general theoretical scientific methods, in particular analysis, synthesis, analogy, comparison, generalizations, deduction and methods of expert estimates. In the first phase secondary research of scientific literature and electronic resources about the paper topic was conducted. On the base of that result, the primary research was conduct, which is based on analysis of family company E. & J. Gallo Winery. Based on the received information, the key success factors were identified. The sources of the research are internet web-pages of the company, articles about company in famous Czech business magazines and scientific journals form Emerald database, reports of company and financial data from Amadeus database and The Global Family Business Index.

**Scientific aim:** The aim of scientific research is to improve the understanding of family company's success from the perspective of difficulties faced by family company.

**Findings:** The results of this study allowed the finding of a main point for the family company's success based on review of key sources about successful family companies. In addition, activity of E. & J. Gallo Winery was analyzed as the case study for critical evidence that phenomenon.

**Conclusions:** This study has contributed to the theoretical body of family business research providing an important first step to gaining insights into the family company's success and its key factors which influence effective functioning of family company.

**Keywords:** family, family company, success, winery

**JEL Classification:** D10, M50, R1

## Introduction

Usually, it is said, that performing of companies can be measured by its success. But what success of company means? This paper describes an attempt to explain what the success of the company is and what factors affect it. For determination the success factors for company, first of all, it is necessary to find out the meaning of that term. One of the term is next: "A successful company is one which, behaving ethically and legally, creates value, independent of the owners' efforts. This usually results in a sustained stream of profit, and a positive market value, representing the anticipated future profits" (Russell, 2014). Some companies are just better than others. It could be name recognition, innovation, market share or any number of other attributes that makes a good company stand out from the herd (Schmidt, 2016).

As concerns family companies, they are widely seen as the backbone of the economy – they create wealth, they provide jobs, they are locally rooted and connected to their communities and they seem to be around for long periods of time. Yet, despite the many positive aspects of family companies, there is also a darker side. Family conflicts, incompetent members of the next generation and flamboyant lifestyles are just some of the more frequent criticisms about family companies (Schwass, 2013). It is very difficult to determine what exactly success of family company is, because the term "success" is very subjective impression, and what is success for one person is not the same for another. Thereby, in the beginning it is important to establish criteria, according to them, the success is considered (Christopher, 2011). If summarize this proceeding, the company success could be term as selection of corporate strategy and defining corporate goals. For determination of success of family company, we should add the family factor, as Michael Porter noted in his work, the company can choose the development direction. But if company will not choose exact way or will follow several strategies, it can lead to failure. This paper analyzes the factors of success of E. & J. Gallo Winery as the largest family-owned winery in the world today.

### 1. Short Review of Sources about Family Company's Success

On the market there are a number of organizations that value companies based on various criteria. There is a lot of information about companies' value in magazines based on success of companies, the most

famous of them is Fortune or Forbes. For example, Fortune magazine annually compiles the Fortune 500 ranking, which ranks the US private and public companies by gross revenue. Other rankings include Fortune 100, Fortune 50, *etc.* (Fortune 500, 2015). They are well-known also in the Czech Republic. At the regional scale the most popular are "Company of the Year", "Entrepreneur of the Year", "The best Czech 100", "Personality of the Year".

Besides that, competition "EY Entrepreneur of the Year" (EY Podnikatel roku) is very popular in the Czech Republic. That is the world's most prestigious competition of entrepreneurs, which pays tribute to exceptional individuals. It is founded by EY in the United States in 1986. Its aim is to show the public exemplary individuals in the field of business, which can be as example model for aspiring entrepreneurs. EY Entrepreneur of the Year competition is conceived as an international competition, so are criteria by which they are judged on individual participants, comparable in every country. The winners are selected by an independent jury consisting primarily of previous winners of the competition. Currently, the only internationally recognized competition of its kind regularly held in nearly 60 countries on six continents. The main motto of the competition was the slogan: "The key is to have the courage" (EY Podnikatel roku, 2015). The main mission of similar competitions is not only a comparison of turnover or company's profit, but also benefits of company for the society, relationship to the environment and a focus on business sustainability (Von Schantz, 2005).

In reference to family companies' ratings, the magazine Forbes makes different ratings, for examples, "The 500 Largest Family-Owned Companies in the World". The Global Family Business Index, published by forbes.com compiled by St Gallen University, with the support of EY, ranks the world's biggest family businesses in terms of revenue. The ranking also quantifies who owns the business, how much they own, how many people they employ and when the business was founded. The index underlines the sizeable role that family businesses play in the world economy. In 2013, the top 500 contributed more than half of what the entire Fortune 500 companies did in terms of revenues (Bain, 2015). Although Forbes provides the "Top 25 Largest Family-Owned Companies in The World" and "The Best Family Businesses", which describes the list of the America's Largest Private Companies to come up with a collection of the 15 best family companies, in terms of both size (revenue) and longevity (year they were founded), with these variables equally weighted (Eichenberger, 2011).

Determining of company's success depends on the formulation of subjective and objective further objective methods. Success can be seen as a continuation and even the survival of the company in difficult times, when the company is still able to realize their strategic objectives. For objective criteria could be a different assessment. Assessment of the success can be performed by many methods. An integral part of most companies is currently controlling department, which is responsible for internal evaluation of the plan with reality and after department transmits feedback to management. Statistical evaluation may be other method, which depends on the size, industry, location of the company, Quicktest, liquidity. Companies are often evaluated through cash flow (Čížek, 2014).

Interesting opinion according to family business success belongs to Don Schwertler. He claims, that the alignment of personal and professional values is a hallmark of thriving family businesses. "Successful family company tends to have the family's values and culture deeply embedded into their business strategies, policies and practices," says Don Schwertler, co-founder of the Atlanta-based Family Business Institute. Schwertler suggests that these values must be clearly defined, communicated and reinforced with family-business employees understanding the critical importance of standards and leaders possessing the ability to confront behaviors that violate the standards (Levit, 2015).

It is worth to say, that there are many research centers, what provide researches about family business success, and based on that they publish a lot of scientific reports. For example, at IMD Global Family Business Center (established in 1988), the Lausanne-based business school has studied the complexities of family businesses for over 25 years (International Directory of Company Histories, 1999). In their research and educational work with family businesses from all over the world, they have gained some extraordinary and deep insights into the dynamics that can either drive family businesses to achieve outstanding performance – often over many generations – or drive them to fail – often with long-lasting pains for the involved families. Two important lessons can be gained from their global research: 1) Each multi-generational family company develops its own particular history, which is made up of both gains and pains, but it is essentially based on a culture of resilience and the unshakeable commitment to succeed over the long term. 2) Each family company is basically a story about people – entrepreneurs and their families whose personal values and visions leave an indelible imprint on the businesses that they have created

and that subsequent generations continue to manage (Schwass, 2013).

## 2. Critical Evidence of Family Company's Success from the United States

As it is known, the wine family business is a bright representative of the oldest and traditional economic activities. Thus, it was decided to use case study from wine sector, which describes well collaborations of family traditions and business innovations. As an example company E. & J. Gallo Winery was chosen as the best representative successful family company in wine international trading business, see Figure 1. This is largest winemaker in the world from the United States, with production of nearly 900 million bottles per year.

Gallo produces one in every three bottles of wine



Figure 1. The logo of the E & J Gallo Winery brand.  
Source: E. & J. Gallo Winery, 2016.

made in the United States. While best known for its inexpensive jug wines and such fortified varieties as Thunderbird, in the 1980s and 1990s Gallo has aggressively followed consumer preference into more expensive categories, notably cork-finished varietals (wines made wholly or predominantly from a single type of grape, such as Merlot). Many of these appear under brands other than Gallo, including Turning Leaf, Gossamer Bay, Indigo Hills, and Northern Sonoma. The winery, which remains privately owned by the Gallo family, has about 2,500 acres of prime Sonoma land in vine, making it the largest landowner in the region. It operates four California wineries. Gallo is also a market leader in sherry, vermouth, and port, marketed under the Gallo trade name; their other leading brands include André sparkling wine, E & J brandy, and Bartles & Jaymes wine coolers (E. & J. Gallo Winery, 2016).

As it was mentioned before, E & J Gallo Winery is the largest family-owned winery in the United States. According to "Global Family Business Index", which comprises the largest 500 family firms around the globe, E & J Gallo Winery has got 381 place in the rating (Global Family Business Index, 2013). The index is compiled by the Center for Family Business at the University of St. Gallen, Switzerland, in cooperation with EY's Global Family

RANK	COMPANY	EST	PUBLIC	REVENUE	EMPLOYEES	COUNTRY	FAMILY	SHARE
381	E. & J. Gallo Winery	1933	Private	3.6	5000	United States	Gallo family	100

Figure 2. E & J Gallo Winery's position in the Global Family Business Index.

Source: Global Family Business Index, 2013.

Business Center of Excellence. For a privately held firm, a firm is classified as a family firm in case a family controls more than 50% of the voting rights (Zellweger, 2013). For a publicly listed firm, a firm is classified as a family firm in case the family holds at least 32% of the voting rights (Global Family Business Index, 2013).

As it can be seen from the Figure 2, Gallo family owns 100% of private company E & J Gallo Winery with total revenue 3.6 US\$b in 2013 (Global Family Business Index, 2013). Headquartered in Modesto, California, Gallo Winery owns nine wineries in California and Washington and more than 16,000 acres of vineyards across the Golden State. Gallo products are sold in more than 90 countries (Veseth, 2011).

In addition to the Gallo Family Vineyards brand, the company makes, markets, and distributes wine under more than 60 other labels Table 1, that characterizes the marketing policy of diversification.

The company has 5,500 employees. Gallo's supplier development team works with 3,000-plus suppliers to support and grow its business. It is possible to be inspired by the work of Associate Professor Philip H. Howard and his team at Michigan State University who made several infographics on food and beverage industry statistics. Looking at the Table 2, it can be seen, that E & J Gallo Winery's share is the biggest on the US wine market, it is equal to 22.8 % in 2011 (Howard *et al.*, 2012).

Financial analysis of E. & J. Gallo Winery is based on data of Amadeus data base. Following financial documents were used: Balance sheet, Profit & Loss account. The limitation of the research is the lack of statistical data for the full financial study of the state. In as much as privately-owned E. & J. Gallo Winery does not report its full financial results.

To determine the company's financial situation, it was decided to use the following indicators, based

Table 1. Diversity of wine brands of E & J Gallo Winery.

Alamos – distributor	E. & J. VS Brandy	Matthew Fox Vineyards (since 2004)
Anapamu	E. & J. VSOP Brandy	Mattie's Perch
Apothic	E. & J. XO Brandy	McWilliam's
Ballatore	Ecco Domani	Mirassou Vineyards
Barefoot	Frei Brothers	New Amsterdam Gin
Bartles & Jaymes	Frutézia	New Amsterdam Vodka
Bella Sera	Gallo Family Vineyards Estate	Peter Vella
Black Swan	Gallo Family Vineyards Single Vineyard	Pölka Dot
Bridlewood	Gallo Family Vineyards Sonoma	Rancho Zabaco
Boone's Farm	Ghost Pines	Red Bicycleette
Camarena tequilas	Indigo Hills	Redwood Creek
Carnivor	J Vineyards and Winery	Red Rock Winery
Cask & Cream	La Marca	Sebeka
ChocolatRouge	Laguna	Shellback Rum
Clarendon Hills	Las Rocas	Thunderbird
Columbia Winery	Liberty Creek	Tisdale Vineyards
Covey Run	Livingston Cellars	Turning Leaf
Dancing Bull	Louis M. Martini	Twin Valley
DaVinci	MacMurray Ranch	Vella Wines
Delicia	Martín Códax	Viniq
Don Miguel Gascon	Maso Canali	Whitehaven
		William Hill Estate

Source: E. & J. Gallo Winery, 2016.



Table 3. Current ratio of E. &amp; J. Gallo Winery.

Year	2014	2013	2010	2009	2006	2005
Current ratio (x)	56.25	13.51	35.87	23.54	3.47	2.72

Source: E & J Gallo Winery (Deutschland) GMBH, 2016.

Table 4. ROE of E. &amp; J. Gallo Winery.

Year	2014	2013	2006
ROE using P/L before tax (%)	4.64	3.47	-3.05

Source: E & J Gallo Winery (Deutschland) GMBH, 2016.

Table 5. Solvency ratio of E. &amp; J. Gallo Winery.

Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Solvency ratio (Asset based) (%)	91.89	84.95	80.48	79.06	71.19	76.92	77.42	68.07	44.39	24.36

Source: E & J Gallo Winery (Deutschland) GMBH, 2016.

on available data. Financial ratios are the most common and widespread tools used to analyse a business' financial standing. For simple financial analysis of the E. & J. Gallo Winery company follow criteria were selected:

1) The current ratio is a market profitability ratio that measures whether or not a firm has enough resources to pay its debts over the next 12 months. It compares a firm's current assets to its current liabilities (Table 3).

Acceptable current ratios vary from industry to industry and are generally between 1.5 and 2 for healthy businesses. In our case the current ratio is too high and increases during last nine years. That means that company's solvency improves, but it also can indicate not efficiently using its current assets or its short-term financing facilities. According to financial results of company, the assets for last nine years are approximately on the same level, but liabilities of company decreased (E & J Gallo Winery (Deutschland) GMBH, 2016).

2) Return on equity (ROE), is a financial ratio that measures the return generated on stockholders'/shareholders' equity, the book or accounting value of stockholders'/shareholders' equity which reflects the accumulation over time of amounts received by the company from stock/share issues plus the profits/earnings retained by the company. It is often said to be the ultimate ratio or the "mother of all ratios" that can be obtained from a company's financial statement (ROE, 2015, Table 4).

Historically, the average ROE has been around 10% to 12%, at least in the US and UK. The

higher the ROE, the better. It can be seen from the table, that the indicator increases, but it does not reach optimal 10%. The level of shareholders' equity stands on proximately same plane, but profit P/L before tax enlarged on 28,4% in 2014 in comparison with 2013.

3) Solvency ratio is one of the various ratios used to measure the ability of a company to meet its long term debts. Moreover, the solvency ratio quantifies the size of a company's after tax income, not counting non-cash depreciation expenses, as contrasted to the total debt obligations of the firm (Table 5).

Solvency ratios are different for different firms in different industries. For instance, food and beverage firms, as well as other consumer staples, can generally sustain higher debt loads given their profit levels are less susceptible to economic fluctuations. As a general rule of thumb, a solvency ratio of greater than 20% is considered financially healthy. So in our case, it can be observed that ability of a company to meet its long term debts increases. But ratio above 50% could be cause for concern. The company should take the ratio as cause for further investigation, maybe the company should reconsider investment plans.

Generally, based on limited financial resources, it can be said that E & J Gallo Winery company is in a healthy financial position, company has enough resources to pay its debts in short and long-term periods. Also company's ability to generate profits from its shareholders' investments in the company is growing that increases the attractiveness of the firm's investment.

### 3. Definition the success factors of E & J Gallo Winery

During the research of history and actual situation of E & J Gallo Winery the following interesting success factors were determined.

#### 3.1 Passion for quality

Since its inception, the hallmark of E. & J. Gallo Winery's founders has been their unwavering commitment to quality. By taking the utmost care in each and every step of the grape growing and winemaking process, E. & J. Gallo Winery has consistently delivered outstanding wines for every occasion and price. The Winery continues to be at the forefront of the winemaking industry by researching and determining the very best regions to grow grapes, using the most effective techniques for grape growing, and lastly, employing the best ways to craft world-class wines (About E. & J. Gallo Winery, 2016).

#### 3.2 Diversity

Around the world, wine has a unique way of bringing people together and breaking down barriers. People of different cultures and customs include wine in different events. The universal appreciation of wine is why company distributes their products worldwide and encourage each employee, supplier, distributor, customer and consumer to bring their own ideas and unique experiences to company and their brands (About E. & J. Gallo Winery, 2016).

- E. & J. Gallo Winery offers a broad product line with something for every taste and price range.
- E. & J. Gallo Winery respects their partners, their businesses and customs, from California grape growers to distributors on the other side of the globe.
- E. & J. Gallo Winery recruits, hires, and promotes a diverse workforce and value the differences our employees bring as they contribute to company's success as a world-class leader in the wine industry.

#### 3.3 High values

Company founders – Ernest and Julio Gallo – built company by turning challenges into opportunities and change into growth. Today, that spirit defines the Winery's culture. At E. & J. Gallo Winery, they place a premium on relationships with their distributors, customers and employees, and they focus on ways to grow together for the future. With a solid foundation, a clear vision and the collective talents of company's people, E. & J. Gallo Winery is stronger than ever according to owners' words (About E. & J. Gallo Winery, 2016).

Main Values of E. & J. Gallo Winery (About E. & J. Gallo Winery, 2016):

- Integrity.
- Innovation.
- Respect.
- Commitment.
- Humility.
- Teamwork.

#### 3.4 Environment Friend

The E. & J. Gallo Winery's commitment to protecting and enhancing the land and wildlife habitat through sustainable agriculture originated with the Winery's co-founders, Ernest and Julio Gallo, in the late 1930s and has grown in importance for nearly 75 years.

Decades ago, Julio Gallo introduced an innovative approach to land conservation in Sonoma County known as the "50/50 Give Back" plan which continues today. For every acre of land planted in vineyard, Julio set aside one acre of property to help protect and enhance wildlife habitat (E. & J. Gallo Winery; Patent Issued for Sensory Aroma Glass (USPTO 9271589), 2016). Today, Gallo continues Julio's approach to land stewardship and it is considered the first principle of Gallo's Sustainable Practices. The E. & J. Gallo Winery is driven by the overriding principle to conduct their business in a manner that will protect and preserve the environment. Towards this end, all operational decisions reflect their firm belief in sound environmental management (About E. & J. Gallo Winery, 2016).

It is necessary to add, that E. & J. Gallo Winery is the first winery in the U.S. which receives ISO 14001 Certification, which was created to assist companies throughout the world to reduce their impacts on the environment. ISO 14001 certification as it demonstrates company commitment to environmental stewardship (E. & J. Gallo Winery's Commitment to Sustainability, 2007). E. & J. Gallo Winery took the lead and collaborated with the Wine Institute and the California Association of Winegrape Growers to develop and implement the Code of Sustainable Wine Growing Practices. The Code promotes sustainable practices that are environmentally sound, economically feasible and socially equitable. It covers virtually every aspect of the wine business including viticulture and grape growing, wine making, purchasing and building and maintaining productive relationships with neighbors and the local communities (E. & J. Gallo Winery's Commitment to Sustainability, 2007). For wineries, the crush period between August and October is the most energy-intensive time of year. Since it partly overlaps with California's period of peak energy demand, wineries' participation

in demand response programs makes a particularly large impact both on these customers' energy costs and on the state's electric supply reliability (Colman, 2008). E. & J. Gallo Winery is one of the largest winemakers in the U.S. and the leading U.S. wine exporter (Renato, 2016). Like many food processors, Gallo must continuously refrigerate its perishable products. The company's need for reliable refrigeration has historically limited its ability to participate in Demand Response, a PG&E program that notifies participating customers to temporarily reduce their energy usage when the state's energy demand is high. Through technical assistance, PG&E helped Gallo find smart energy solutions, such as installing automated controls on their refrigeration. PG&E's Demand Response Technical Incentives paid the full cost of the new control systems. Now Gallo can earn additional incentives by participating when Demand Response events are called. These systems allow the facility managers a high degree of flexibility. They can choose among various combinations of actions to reduce overall facility loads that control the equipment connected to these intelligent systems (E. & J. Gallo Winery Integrated Case Study, 2007). Gallo has taken advantage of PG&E's programs and services to identify and implement energy-efficiency projects since 1990. Early energy-efficiency improvements at the Fresno facility, including retrofits to its refrigeration system, process boilers, and an oversized high-capacity condenser, saved 4.7 million kilowatt hours of electricity and 144,000 therms per year, and reduced ongoing electric demand by over 1,000 kilowatts. These measures earned nearly a half million dollars in rebates from PG&E over several years (E. & J. Gallo Winery's Commitment to Sustainability, 2007).

### **3.5 Streamlined sales & marketing**

According to company owners, one of the secret of their success is that E. & J. Gallo Winery produces wine for every taste and occasion. Their goal is to deliver superior value and experience to consumers each and every time they share and enjoy their wines. To reach that purpose, company has assembled teams of highly-skilled employees to manage their ever-growing brand portfolio. E. & J. Gallo Winery's marketing teams cooperate with colleagues in Wine-making, Consumer Insights and other areas of expertise to deliver brand strategy, while their sales professionals endeavor to bring a better wine experience to consumers (About E. & J. Gallo Winery, 2016).

E. & J. Gallo Winery works on expansion of its offerings. Their ever-expanding portfolio of wines is recognized and by consumers around the world. As

it was mentioned, brands offered by E. & J. Gallo Winery satisfy different tastes and preferences. The vision brought to life by brothers Ernest and Julio Gallo in 1933 continues to grow and evolve with each passing harvest that corresponds to established definition for successful company (About E. & J. Gallo Winery, 2016).

### **3.6 Research providing**

At E. & J. Gallo Winery, desire for quality never stops. Whereas the art of making wine is more than 5,000 years old, company apply what they learn so they can improve the evolution of wine from the vine to the bottle – and ultimately to customer's glass. Ernest and Julio Gallo were committed to constantly improving their products, and today company continues commitment by tapping into the tools that have emerged over time to help us create better wines than ever before (About E. & J. Gallo Winery, 2016).

### **3.7 Impact on society**

E. & J. Gallo Winery understands that family and community go hand-in-hand. Company supports a variety of nonprofits, charitable foundations, community events, mentoring and scholarship programs, and the arts. Their approach is that: company looks for innovative programs that solve problems and improve people's lives.

### **3.8 Family involvement into the business**

Since brothers Ernest and Julio Gallo began to turn their dream into reality over 80 years ago, the roots of the Gallo family tree have extended deep into the Winery. Today their children, grandchildren and great-grandchildren work in the Winery, carrying on the family tradition and values – a strong work ethic, a drive for perfection and a focus on quality. Fifteen members of the Gallo family are still directly involved with the winery. The third generation has helped produce many award winning wines by growing grapes and crafting wine with the same values and the small-winery philosophy that their grandfathers started with (About E. & J. Gallo Winery, 2016). The Gallo family still believes family ownership is the most effective way for the Winery to continue as a world leader in the wine industry (E. & J. Gallo Winery, 2016).

## **Conclusion**

A lot of works are written about success of the company, its determination and factors that influence

that. But it should be taken into account, that determining of company's success depends on the formulation of subjective and objective further methods. For objective criteria could be a different assessment. Assessment of the success can be performed by many methods. An integral part of most companies is currently controlling department, which is responsible for internal evaluation of the plan with reality and after department transmits feedback to management. With regard to the family company, alignment of personal and professional values is a hallmark of thriving family businesses. Only that family, which coped with intern conflicts and did not do not allowed this affect the business relationship, will able to succeed in the business and transfer the company to next generation. The main hallmark of success family business is an ability to achieve a balance between family traditions, values and values of the company. The common objectives are the main tool to reach that goal. The company success could be term as selection of corporate strategy and defining corporate goals.

The company E. & J. Gallo Winery was selected as the case study, which is the largest family-owned winery in the world today. It can be argued that family company E. & J. Gallo Winery is successful company, which impact on thousands people's lives in the world directly as an employer and millions of people through its products. It is good to know that the company is trying to act responsibly and looks at the future in a way that is needed to start creating today. A key factor of company success in addition to the economic sector, also firmly anchored system of corporate strategy, vision and goals. An analysis of the company shows that focus on quality and diversity has enabled the company to capture great market share. No wonder the company's mission is to be the leader in the U.S. wine industry and the leading provider of California wines in select markets outside the U.S. E. & J. Gallo Winery confidently holds the intended path. The company keeps pace with the times, using the latest technology for an old type of activity- wine production. For examples, participation in the PG&E program has allowed the company to make a big step forward, thereby Gallo found smart energy solutions, such as installing automated controls on their refrigeration and much more.

Therefore E. & J. Gallo Winery the first winery in the U.S. which received ISO 14001 Certification. It worth to note, that one of its success factor of E. & J. Gallo Winery that the company was and is Environment Friend. This can be explained in the form of traditional method of protecting and enhancing the land and wildlife habitat through sustainable agriculture originated with the Winery's co-founders, Ernest and Julio Gallo, in the late 1930s. Julio Gallo introduced an innovative approach to land conservation in Sonoma County known as the "50/50 Give Back" plan which continues today. In addition to the 50/50 Give Back, the Gallo Winery has led the way in developing and refining other new environmentally friendly practices including minimizing the use of synthetic chemicals, fertilizers and pesticides in the vineyards; recycling and reusing processed wastewater and *etc.* To attain company's goal, E. & J. Gallo Winery has assembled teams of highly-skilled employees to manage their ever-growing brand portfolio. E. & J. Gallo Winery's marketing teams endeavor to deliver brand strategy, while their sales professionals strive to bring a better wine experience to consumers. Thus their ever-expanding portfolio of wines is recognized and enjoyed by consumers around the world. The vision brought to life by brothers Ernest and Julio Gallo in 1933 continues to grow and evolve with each passing harvest. Also own research helps to achieve company result, aimed at improving the quality of the wine and its production methods. And in addition it is worth noting that the company is still based on strong family ties and traditions for 83 years. Today fifteen members of the Gallo family work in the Winery, carrying on the family tradition and values – a strong work ethic, a drive for perfection and a focus on quality. Today, E. & J. Gallo Winery is the world's largest successful family-owned winery and the largest exporter of California wine, that can be as example model for aspiring other family companies.

### **Acknowledgment**

This paper was supported by "Project No. FP-S-15-2627 Challenges of the Management: Theory and Practice".

## References

- About E. & J. Gallo Winery (2016). *Company overview*. Retrieved from: <http://www.vault.com/company-profiles/food-beverage/e-j-gallo-winery/company-overview.aspx>.
- Bain, D. (2015). *The top 500 family businesses in the world*. Retrieved from: <http://familybusiness.ey.com/pdfs/182-187.pdf>.
- Colman, T. (2008). *Wine Politics: How Governments, Environmentalists, Mobsters and Critics Influence the Wines We Drink*. University of California Press.
- Christopher, W. (2011). A new management for enduring company success. *Kybernetes*, 40(3/4), pp. 369–393.
- Čížek, R. (2014). *Hodnocení firem aneb co to znamená úspěšná firma*. Retrieved from: [http://k126.fsv.cvut.cz/predmety/126mpo/mpo\\_mpo\\_cizek\\_uspesna-firma.pdf](http://k126.fsv.cvut.cz/predmety/126mpo/mpo_mpo_cizek_uspesna-firma.pdf).
- Eichenberger, S. (2011). *The Best Family Businesses*. Forbes. Retrieved from: <http://www.forbes.com/2011/06/17/best-family-businesses.html>.
- E & J Gallo Winery (Deutschland) GMBH. (2016). Amadeus database. Standard report. Retrieved from: <https://amadeus-bvinfo-com.ezproxy.lib.vutbr.cz/>.
- ROE (2015). *Financial Times*. Retrieved from: <http://lexicon.ft.com/Term?term=return-on-equity-roe>.
- E. & J. Gallo Winery's Commitment to Sustainability (2007). *Environment Brochure*. Retrieved from: <http://gallo.com/PDFs/Environmentalbrochure.pdf>.
- E. & J. Gallo Winery (2016). *Official web-page*. Retrieved from: <http://www.gallo.com/family/vision-values/Vision&Values.html>.
- E. & J. Gallo Winery Integrated Case Study (2007). *Energy Efficiency and Demand Response*. Retrieved from: [https://www.pge.com/includes/docs/pdfs/mybusiness/energysavingsrebates/demandresponse/cs/Wineries\\_Gallo\\_Integrated\\_CaseStudy.pdf](https://www.pge.com/includes/docs/pdfs/mybusiness/energysavingsrebates/demandresponse/cs/Wineries_Gallo_Integrated_CaseStudy.pdf).
- E. & J. Gallo Winery; Patent Issued for Sensory Aroma Glass (USPTO 9271589) (2016). *Journal of Engineering*, 274.
- EY Podnikatel roku (2015). *Ernst&Young*. Retrieved from: <https://podnikatelroku.cz/>.
- Fortune 500 (2015). *Business magazine*. Retrieved from: <http://fortune.com/fortune500/>.
- Global Family Business Index (2013). *Center of Family Business*. Retrieved from: <http://familybusinessindex.com/#map>.
- Howard, P., Bogati, T., Grabowski, A., Mino, R., Molen, N., Schultze, S. (2012). *Concentration in the U.S. Wine Industry*. Michigan State University. Retrieved from: <https://msu.edu/~howardp/wine.html>.
- International Directory of Company Histories. (1999). *Business & Economics*. St. James Press. 28(1), pp. 66–78.
- Levit, A. (2015). *The Successful Formula of a Family Business*. Retrieved from: <https://www.americanexpress.com/us/small-business/openforum/articles/the-successful-formula-of-a-family-businesses/>.
- Renato, R. (2016). E. & J. Gallo Winery Acquires U.S. Distribution Rights for Luxury Italian Wine Producer. *Mergers & Acquisitions Week*, 8, pp. 123–131.
- Russell, R. (2014). *What is the definition of a successful company?* Quora. Retrieved from: <https://www.quora.com/What-is-the-definition-of-a-successful-company>.
- Schmidt, M. (2016). *3 Secrets of Successful Companies*. Investopedia. Retrieved from: <http://www.investopedia.com/articles/stocks/08/secrets-success-company-stock.asp>.
- Schwass, J. (2013). *Family Businesses: Successes and Failures*. IMD Global Family Business Center. Retrieved from: <https://www.imd.org/uupload/IMD.WebSite/MicroSites/family-business/pdfs/Family%20Businesses%20%20Successes%20and%20Failures.pdf>.
- Veseth, M. (2011). *Wine Wars: The Curse of the Blue Nun, the Miracle of Two Buck Chuck, and the Revenge of the Terroirists*. Rowman & Littlefield Publishers.
- Von Schantz, C. (2005). *Communication of Corporate Social Responsibility* (Doctoral dissertation, Master Thesis, Department of Economics (SLU) Uppsala Sweden).
- Zellweger, T. (2013). *The 500 largest family firms in the world*. Retrieved from: [http://familybusinessindex.com/data/Global\\_Family\\_Business\\_Index\\_comment\\_by\\_Thomas\\_Zellweger.pdf](http://familybusinessindex.com/data/Global_Family_Business_Index_comment_by_Thomas_Zellweger.pdf).

Received: 17. 6. 2016

Reviewed: 19. 11. 2016

Accepted: 27. 12. 2016

**Mgr. Anastasia Petlina**

Brno University of Technology

Faculty of Business and Management

Department of Management

Kolejní 2906/4, 612 00 Brno

Czech Republic

Tel.: +420 541 142 762

E-mail: [petlina@fbm.vutbr.cz](mailto:petlina@fbm.vutbr.cz)