

The 'Truth' About Verity



Verity Wine Partners executive team: Chris Desor, Bill Sciambi, Constance Oehmler and Steve Doran

Launched in 2009, Verity Wine Partners turn a turbulent economic period into an opportunity to grow brands.

BY KRISTEN BIELER

Most in the business world are discouraged by recession, market turmoil and consolidation. But industry veterans Bill Sciambi, Steve Doran and Chris Desor, saw a marketplace ripe with opportunity. Sciambi, Doran and Desor, three of the co-founders behind fine wine distributor Verity Wine Partners, believed that there had never been a better time to do what they did: “The idea for Verity was born in 2009 during the economic collapse and we had the great benefit of seeing which brands were not succeeding in the new economy,” says Sciambi, Verity’s chief executive officer & president.

“We saw a real need for a fine wine wholesaler to represent medium-sized wineries—those making between 5,000 and 50,000 cases a year,” says Doran, who serves as head of sales, marketing & communications. “It is very difficult for these suppliers to get attention in the marketplace, and they are too big for a smaller shop.”

Getting Started

What sounds like a very straight-forward concept was in fact terribly ambitious: “We knew we couldn’t start with one or two sales reps and hope to grow the business—you can’t attract brands and salespeople that way,” says Constance

Oehmler (CFO/COO), who joined the team in the summer of 2009, prior to the company’s debut. “We wanted to launch with a dream team of experienced sales and operations staff and enter the marketplace as a medium-sized distributor with state wide coverage from day one.” Oehmler brought 21 years of finance and banking experience to Verity, having most recently worked at Domaine Select Wine Estates. She also helped in securing ample funding from a venture capital firm.

Another piece of the management puzzle was Desor, Verity’s director of business development, who was previously working at Dendor Wine Management, a fine wine sales and marketing company. He helped get Verity launched by attracting brands like Hedges, Fess Parker, Classical Wines of Spain, Montinore and Stuhlmuller.

In the beginning, brands took a major leap of faith to come on board with Verity, Sciambi recalls. “We couldn’t tell the brands about the sales force and we couldn’t tell the sales force about the brands. It took a great deal of trust and a huge amount of convincing, but people really believed in us.”

Now with 28 employees, Verity’s portfolio has grown substantially since, as they assemble what they see as a balanced set of offerings. “We don’t want to

be a niche player. We have wines from all over the world—including many from the U.S., and that’s an important competitive advantage. We are deep enough to serve any customer’s need, but not so deep that our brands cancel each other out,” says Doran.

The company was thrilled to bring the Chilean brand, Terra Andina, on board. “I knew this brand could benefit from the Verity offering—the wine sells itself,” says Oehmler. Verity remained “naked” on Chile for nine months until they convinced the winery to make the move. “We didn’t want another Chilean wine only to have them compete and cannibalize if Terra Andina came into the portfolio.”

The approach has been working. “We have also been able to take brands that had no presence in the marketplace and build them into something significant,” says Doran. One example is Tablelands, a well-priced New Zealand brand, whose critically-acclaimed Sauvignon Blanc is doing well. Barnard Griffin is another: Despite being the second-largest family-owned winery in Washington State, they had all but given up on New York. Today the winery is one of Verity’s best-sellers.

The Value Play

While Verity’s portfolio is diverse, a unifying theme is value: The average bottle

price at retail is \$13.80 and more than 80 percent of their wines retail under \$25. “The appetite for \$200 Brunello has diminished,” says Oehmler. “Conspicuous consumption has scaled back and it isn’t returning,” Sciambi agrees: “The \$12 to \$25 category is our focus. People who traded down from \$50 to \$25 bottles report that they won’t trade back up because they like what they are drinking now.”

It’s a philosophy that speaks to a younger consumer, as well, Desor observes: “There is a whole new generation of consumers who have no interest in brands or reading wine scores. They want great wine that costs what it should cost. We work with some expensive wines, but they have to be truly great. Five years ago there were a lot of wines that cost as much, but they weren’t even very special, except for a fancy bottle or fancy consulting winemaker. Consumers see right through that today.”

As important as value, Sciambi believes, is authenticity. “We are only interested in wines that are made with care in an artisanal fashion, and we are placing a growing emphasis on green, biodynamic wines. These are the trends that are driving the business today.”

Old-School Customer Service

Verity’s mission statement includes the following promise to customers: “To make the process of getting wine simple and easy. How it ever became anything else is beyond logic and reasoning.” According to Desor, “We want to be the kind of wholesaler that puts ourselves in our customers’ shoes. We resolve invoice disputes immediately and we pick up mis-shipments immediately because there’s nothing worse than a sommelier tripping over boxes of wine he didn’t order. When our customers’ needs are met, ours are too.”

Coming to wine from finance, Oehmler recalls her surprise at the amount of secrecy in the industry: “There is a ‘keep your cards close to your vest’ mentality and I don’t see the logic to it. Ver-



The sales, marketing and operations team, at Verity Wine Partners



THE AVERAGE BOTTLE PRICE AT RETAIL OF VERITY'S PORTFOLIO IS \$13.80 AND MORE THAN 80 PERCENT OF THEIR WINES RETAIL UNDER \$25.



ity means truth, and for us, transparency is a big part of that. Our operating system allows anyone to log in and see live inventory; reps can place orders on the fly and all our supplier partners can see purchase orders going in.”

Intrinsic to Verity’s customer service philosophy is their pricing structure: The vast majority of pricing does not exceed the 2, 3 or 4 case level. “We’re not in the business of forcing our customers to be competitive by purchasing 6 or 10 cases of something,” says Doran. “It’s not something that New York City restaurants or retailers can realistically handle, given space issues. We offer friendly pricing and can still deliver a healthy margin to our suppliers and ourselves at a 3 case level.”

The Family Spirit

At the time of their launch, 75 percent of Verity’s 16 employees were owners—

an unusual ownership structure in the wholesaler tier. “It raises the stakes for everyone, and fosters a real family atmosphere in the office. The family aspect is crucial to us,” emphasizes Sciambi. “I spent most of my career at Lauber Imports, and Mark and Ed Lauber truly ran it like a family company. If nothing else, I learned that if you want to attract and retain talented people you must treat them with respect and dignity and understand that family takes priority.”

What’s Next?

Not quite two years in business, Verity is already evolving in some interesting new directions. They recently took on the first Chinese wine ever to be imported into the U.S. The value-oriented brand, Dragon’s Hollow, will target the general market as well as the “thousands of licensed Chinese restaurants that are located within 10 miles of Times Square,” says Oehmler.

The upstate market has been an important source of business, and the company will be adding to their sales force in that area, as well as Long Island. Verity also anticipates launching in New Jersey over the next few months. “We’re fearless,” says Doran. “We don’t do things because that is the way things have always been done. After all, we had the idea to start a \$10 million company from inception in the middle of a recession. It sounded crazy, but for us, that’s what made it worth doing. We are always looking for the next crazy idea.” ■