Your company has achieved above average performance through the use of green initiatives and augmented sales via conventional distribution channels. Your goals for the next 5 years are to increase sales but remain small, continue with sustainable initiatives, and assure that a viable business can be passed to the next generation. This will be accomplished by:

- Increasing presence in Japanese market following a product development strategy
- Entering the Chinese market following a market penetration strategy
- Using recycled bottles
- Planning the succession process

**Analysis**

The current trend in the wine industry indicates that China and Japan are the prime targets for your company. Both countries are experiencing premiumisation. The still light grape is expected to be the fastest growing segment in China. It is also highly profitable to operate in the Asian market. Finally, consumers are trading up for more premium and expensive wines. The United-States market on the other hand is saturated and consolidated; resulting in a threat to losing current market shares as larger producers have an increasing bargaining power. Therefore, your company should shift sales to take advantage of premiumisation trends while maintaining your DNA value of sustainability.

**Japanese Product Development**

The product development strategy will be achieved through increasing the current number of distributors and introducing a strategic partner in the Sake business. This strategic partnership will be key for your company to further penetrate the Japanese market by creating an international community with shared values.

**Chinese Market Penetration**

Strategic selection of distributors will be key to penetrate the Chinese market, which has great potential. Your company will be able to invite them to the Napa valley and offer them the 360 Frog’s Leap experience. A strategic partnership with a Baijiu producer will also facilitate the integration into China and create long-lasting relationships.

**Waste Management System**

Your company will purchase 50% recycled bottles. This will increase purchasing costs in the short term but will save on transportation costs, resulting in long term sustainability.

**Planning Succession Process**

The goals are to transfer ownership within the next 10-20 years and to minimize tax liability. This will be done through distributing qualified dividends, and at transfer of ownership, maximize the tax exemption for a gift while the excess amount will be redeemed by the corporation through a loan.
Assuming a WACC of 9.9% and a terminal growth of 1.5%, our new strategy will increase the valuation of the company by 28%.