



Team 3B – Executive Summary **Frog's Leap Winery – *Hopping Forward***

Situation

John William's vision of pioneering the field of sustainable viticulture with a small winery has led Frog's Leap Winery to become a leader in the aspects of environmental and social sustainability initiatives. The vision of sustainability combined with a humorous brand and quality wine has allowed Frog's Leap to become a success. However, the initiatives have come at a cost of a huge \$20.4 million (51.1% of total assets) debt, leading to high interest expenses that are hampering profits.

Objectives

The task is a threefold goal of increasing sales whilst maintaining a low quantity (thus increasing price), becoming more sustainable and assurance of the sustainability of an economically-sound business to future generations. At the same time, it is required that recommendations be given to take a new sustainability initiative and advance into two new markets with marketing plans. Two strategies have been developed to fulfill the needs of Frog's Leap Winery.

Strategy 1: Squat Sustainably

Sustainability is a concept that envelops the three areas of environmental sustainability, social equity and economic viability. Frog's Leap Winery is leading in the environmental aspect and doing well on the social aspect but sorely lacking in the economic aspect. Research has proven that economic sustainability is a particularly important branch and interest expenses have severely hampered potential profits and thus it is imperative for the issue to be addressed.

'Squat Sustainably' aims to restructure the capital of the company through private equity to pay off debts whilst at the same time retaining control to reduce interest expense by 58%. It also consists of a sustainability awareness campaign and leverages wine tours that aims to increase the perceived value of sustainably produced wine to align with an increase in the pricing. At the same time, leadership in the environmental aspect whilst abstaining from huge investment is achieved by maintenance of current practices, all of which lead to a 2.1% CAGR.

Strategy 2: Hop Globally

In searching for new markets, grasping the low hanging fruit of places where consumers value sustainability is particularly important. After evaluating various countries on relevant criteria such as demand, competition and environmental awareness, Japan and Vietnam are the top choices because of awareness of sustainability and high demand respectively.

In entering the markets, a solid attempt at communicating the sustainable story of Frog's Leap Winery is made through establishment of local fellowship chapters and comic labeling, which is in tune with the company's idea of humor. Further major methods include creating an interactive webpage and 'Hop on J-POP and K-POP' to boost sales of the higher priced wines sold at the new markets, summing up to a \$5.4 million sales increase in 5 years with an initial cost of \$0.1 million.

Conclusion

Just as a hop is sustainable by a stable squat followed by a smooth hop, 'Squat Sustainably' will save the economic aspect of the company (58% interest expense) whilst 'Hop Globally' will ensure rising sales (\$5.1 million).

Sincerely,

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