

The Makings of a

BOUTIQUE EMPIRE

ATC WINES TAKES A
NIMBLE APPROACH TO
REVERSE-ENGINEERING
THE WINE BUSINESS

story by Michelle Ball / photos by Jeremy Ball

Founder and CEO Charles Bartlett established ATC Wines in 2008. "People see us now and go, 'Oh, what a great business, you guys are doing so well.' But they don't know how much time and hard work it took to get to this point," says Bartlett.



How does a traditional winery get its start? At minimum, a wine-maker would secure a grape contract and then purchase barrels and other necessary equipment. Next, they'd pour their heart and soul into producing the wine,

creating a brand, securing the packaging, and so on—and that's on top of the expense and time they'd have to invest if they chose to plant a vineyard or build a winery from the ground up. After all that, the budding producer would still need to *sell* their wine and build a clientele to have any hope of recouping their costs.

But what would it look like to defy the traditional approach? What if the producer focused on the end user before conceiving the brand to ensure that it gains a competitive edge by overdelivering in value? Since markets are always in flux, you would need to do all of this within a short time frame to ensure success—but how? For Napa Valley–based Appellation Trading Company, also known as ATC Wines, the answer lies in leveraging local relationships and access to high-quality wine available in the commodities market. This lean and savvy enterprise has built a small yet growing empire with a highly efficient team of executives and winemakers, and they're doing it all within the walls of a 10,000-square-foot facility in south Napa.

"Growing up in Napa, I always wanted to work in the wine business," recalls Charles Bartlett, the founder and CEO of ATC Wines. After spending decades in the printing industry and commuting from the Bay Area to Napa Valley, he quit his job in 2003 to be closer to home. There, he worked with many wineries as a print broker, focusing on wine labels and occasionally buying a few barrels himself to resell in small amounts.

When the economy crashed in 2008, many producers found themselves saddled with finished wine they couldn't sell. They needed cash on hand, yet they couldn't risk discounting their product, as that makes it difficult to increase prices later while also potentially damaging a brand's

ATC head of marketing David Zurowski and general manager John Galvin.



"WE HAD THAT FOUNDATION IN THE SALES PROCESS OF UNDERSTANDING OUR CUSTOMERS' BUSINESS AND THEN MAKING SOMETHING CUSTOM TO MEET THEIR NEEDS—AND DOING IT AT A PROFITABLE LEVEL."

—ATC WINES GENERAL MANAGER JOHN GALVIN



reputation, particularly if it's considered high-end. In launching ATC Wines that year, "what we found was we could buy some inventories below FOB [pricing] and help them protect their brands by, let's say, re-labeling and selling them [to exporters]. And so we started to get into the private-label business," explains Bartlett.

Their clientele soon expanded to include online wine clubs and wineries looking to fill a particular niche in their programs. "We were really working from the inside out. I learned a lot about bulk [wine] and blending to improve the wines," he says. Between that know-how and his insider knowledge of Napa Valley, Bartlett could guarantee his clients a high-quality product.

With his business-to-business concept growing, he onboarded his longtime friend John Galvin as ATC's general manager in 2013. The pair had worked summer jobs together as teens, and Galvin had referred him to the printing company they once worked for. Galvin explains that their shared background in that industry gave them an intuitive edge: "We both had that foundation in the sales process of understanding our customers' business and then making something custom to meet their needs—and doing it at a profitable level."

As the economy recovered, the commodity market for high-quality wine had shrunk, and so had ATC's access. Yet it had already created demand—often the greatest challenge for any business. Bartlett and Galvin knew they needed to tighten their control over their supply chain, so they decided to build their own facility and install their own bottling line; this not only added legitimacy, as their clients enjoyed

visiting the space and tasting the wines, but gave them greater control over quality and price because they were no longer at the mercy of a custom-crush facility or mobile bottler. As Galvin puts it, "You could almost characterize our early days as a broker, and then [we moved] into the *négociant* business"; today they're bottling 200,000 cases a year at their facility on average.

They've also acquired a handful of brands, including Edict Wines, which was once made by renowned winemaker Julien Fayard—who's now a key member of ATC's team (more on that later). "I was excited about keeping some of the brands and their legacy going," says Bartlett, "because some of them have such a rich tradition and history. It's great to be a part of that and keep it going into its next life."

In 2018, David Zurovski, the former vice president of Wine Access, joined the company to lead its marketing efforts. Zurovski has lived in Napa Valley for over two decades and has held nearly every position in the wine industry at one point or another—from the tasting room to the winery to the marketing department—yet his superpower is using data analysis to better market, sell, and create new brands. He was also key in establishing ATC's relationship with Vivino, of which he was once the director of North America; the wine app and e-marketplace not only offers producers insight as to what shoppers want but also allows them to sell directly to their customers through their platform. "We develop wines and brands around the data that we get from the marketplace," explains Zurovski.

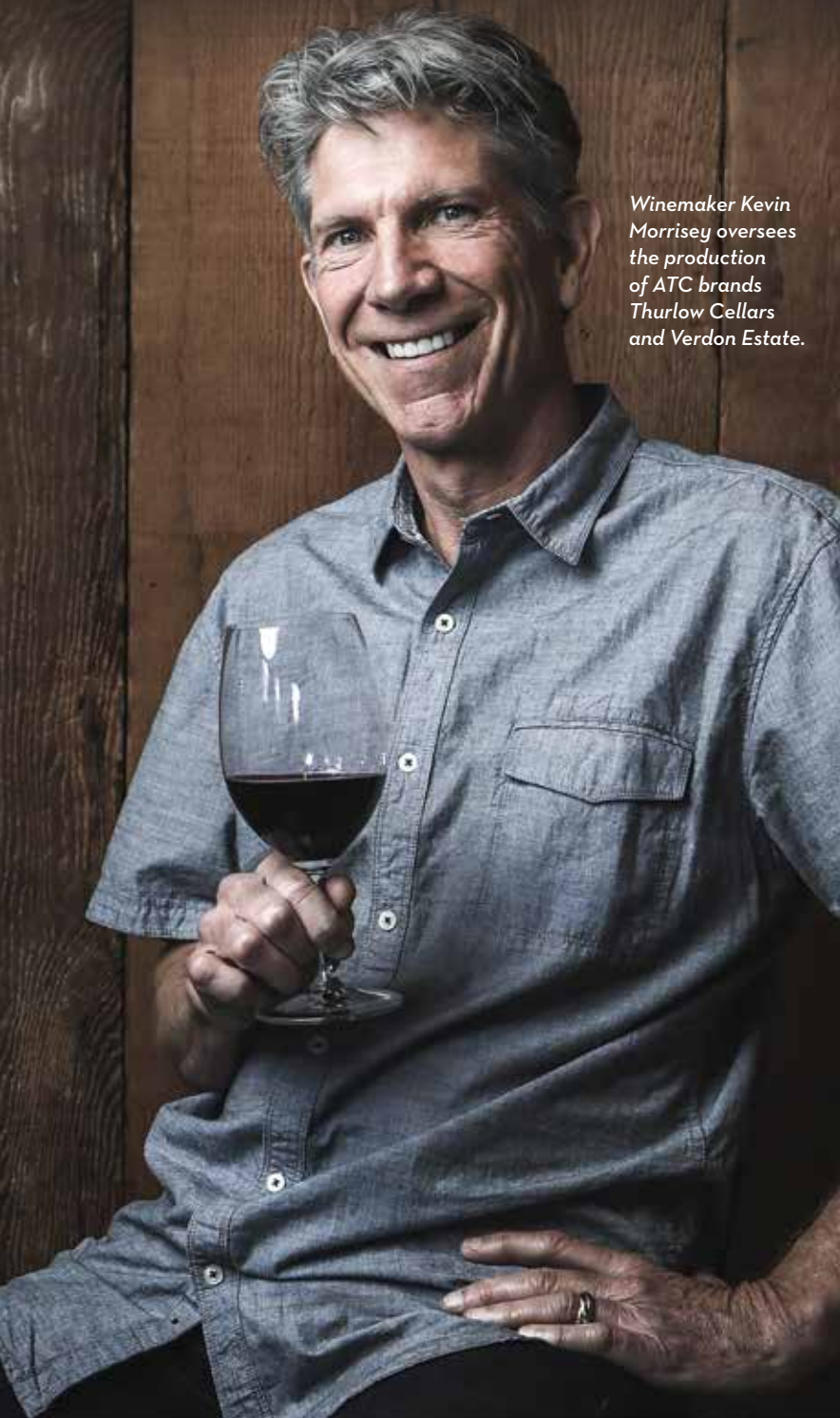
Bartlett notes that not every winery has

the flexibility to target specific price points and take advantage of certain trends; ATC's access to exceptional juice and low overhead gives it an edge. "You would never get the quality of bulk [wine] that we get if it was on the market. It doesn't go on sale, so to speak—it's all relationship-driven," says Bartlett. "It's an important outlet for [these wineries] to have us and those like us in their back pocket. Because if you have a big harvest, you need to do something with the wine." This is especially true since wineries prefer incremental growth, and bumper crops drastically increase inventory when there may not be a market to sell it.

As for being a "relationship-driven" business, ATC's team has established strong credibility thanks to their years of living and working in Napa Valley. "We are known as a good source for purchasing quality wines at a fair price from a number of wineries," explains Galvin, "and we're keeping it discreet so that the wines we buy aren't going to compete with the brand of the source winery."

In addition, ATC contracts with several highly skilled winemakers, each of whom has their own distinctive approach. They also have a sense of confidence in the brands they produce, either because they were responsible for crafting the wine from the beginning or because they assembled the blends from a broad palette of wines gathered through ATC's sources—which are themselves growing, says Galvin: "We're getting larger volumes of super-quality wines from fantastic luxury producers throughout Napa and the North Coast."

A Look at ATC's Brands and Winemakers



Winemaker Kevin Morrisey oversees the production of ATC brands Thurlow Cellars and Verdon Estate.

Refinement and Balance: KEVIN MORRISEY

"Kevin is all about systems and structure," Zurowski says of the ATC winemaker for both Thurlow Cellars and Verdon Estate. Morrisey, a former student of New York University's elite film school, spent ten years in show business as an electrician and cameraman before choosing to reinvent himself and try his hand at winemaking. While attending graduate school at the University of California, Davis, he secured a harvest internship at Château Pétrus in Bordeaux in 1997. He later worked under famed Napa Valley winemaker Tony Soter, founder of Etude Winery, who helped him refine his approach. "That was an amazing two years in my career because I was hungry for knowledge, and Tony was ready to turn [day-to-day operation] over in a way where he could walk away from it and feel like it was in good hands," explains Morrisey.

During his time in Napa Valley, Morrisey became captivated with mountain-grown Cabernet Sauvignon. "These hills are magic," he muses. "There are so many mountaintops up and down both sides of the valley. You walk 10 feet and you're in a different soil and a different sun exposure." Although the fruit can be challenging to work with, as it's chock-full of tannins, he loves the wines it produces. "These vineyards are on rocky hillsides—very little topsoil, very stressed. They make very intense fruit," explains Morrisey. "You get very little, but it's precious."

These mountaintop vineyards were the inspiration for Thurlow Cellars, which produces only a handful of barrels made from several of the valley's sub-AVAs. The winery's full-bodied **2018 Kingsnake Cabernet Sauvignon (\$88)**, of which only three barrels were made, is sourced from Howell Mountain and shows elegant, high-toned blue fruit laced with hints of picante spice as well as black fruit and subtle tones of salted black licorice and flint. Morrisey describes the 2018 vintage as "ideal," as it allowed for the grape skins and seeds to fully develop, producing supple, round tannins.

Morrisey appreciates the autonomy the ATC team gives him to create a style he wants. "One of the great things about working with these guys is they say, 'Kevin, make it the way you like it,'" he explains. "They don't want everything to taste like an ATC wine, and for me that's pretty cool. The wine should taste like where it comes from."

With Verdon Estate, the intention is to deliver high-quality wines at a great value. "They're quintessential Napa Valley [with] great stylistic character," explains Morrisey. The **Verdon Estate 2017 Proprietary Red (\$58)** from Blueline Vineyard, composed primarily of Cabernet Sauvignon (50%) as well as Malbec (30%) and Merlot (20%), offers hedonistic pleasure with aromas of brown sugar and kirsch amid flavors of juicy black plum and cassis.



Chad Alexander makes wines for Perrin + Dobbs and Typhon Estates.

The Winemaking Geologist: CHAD ALEXANDER

One could say that Chad Alexander cut his teeth on mountain fruit. He grew up on Mt. Veeder with his mother, Rita, who worked for The Hess Collection, and by age 14, he was working in the winery too. There, he learned the trade from the vineyard crew as well as then-winemaker Robert Craig and eventually began developing his palate. He spent eight years at the winery, earning extra money while attending college to study geology. "After that, I worked for USGS doing tsunami research, but I kept coming back into the cellar. I grew up with the Mondavis and the Coppelas—it was a much smaller valley back then," recalls Alexander. "I just loved coming into the barrel room and smelling everything."

When Craig left to establish his own namesake brand in 1994, he encouraged Alexander to join him. The geologist turned winemaker spent the next ten years with the boutique producer, known for its hillside Cabernets, and launched his own wine consultancy firm in 2006.

His experience as a geologist has been critical to his expertise in the vineyards. "I'm definitely a minimalist when it comes to winemaking," he says, noting that he likes to work closely with vineyard management teams for updates on shoot thinning, fruit exposure, watering schedule, and so on. "I think it's really important to be tied in with the vineyard to get what you want in the fruit."

Alexander has assisted ATC Wines with various projects since its inception, but his current role is winemaker for two distinct brands: Perrin + Dobbs Vineyards and Typhon Estates.

The **Perrin + Dobbs Vineyards 2018 Pitch Black Cabernet Sauvignon (\$42)** hails from Paso Robles and is based on Cabernet Sauvignon (85%) with a small amount of Syrah (15%). Alexander enjoys the blueberry notes Syrah adds to the wine and the fleshiness it contributes to the mid-palate. The wine is showy, with boysenberry aromas, red-cherry flavors, and soft fig tannins. While the brand falls outside of ATC's Napa-centric portfolio, sourcing from Paso Robles offers undeniable quality at a competitive price. "My favorite thing to do is make the absolute best wine at a value, whether it's \$100 or \$30," says Alexander.

The **Typhon Estates 2018 {SOLIS} Cabernet Sauvignon (\$108)** from Atlas Peak is a classic example of Alexander's approach to making wine from mountain vineyards. Each of the brand's small-lot bottlings are produced with native-yeast fermentations at his winery; to extract as much flavor as possible, he cold soaks the grapes for one week, conducting regular pumpovers throughout. "I want to have a mouthful of fruit juice, if you will, before I even start fermenting," he explains. After fermentation, he employs an extended maceration, chilling the bins to allow the flavors to steep. The whole process takes roughly 45–60 days before the wines are moved to barrel. The result is an opaque expression with silky tannins; a core of black fruit; notes of cigar leaf and tar; and subtle hints of mocha on the finish.

The Master Blender: JULIEN FAYARD


Originally from the French Riviera, Julien Fayard joined Philippe Melka's elite team of Napa Valley winemakers in 2006. He spent eight years managing dozens of custom-crush clients before launching his own consulting firm in 2013, Fayard Winemaking. "You learn fast" when processing as many as 600 different lots per vintage, Fayard says of his time with Melka.

In early 2019, the new proprietors of cult Napa Valley producer Beau Vigne approached Bartlett to gauge his interest in acquiring the winery's remaining inventory, as they weren't interested in continuing the brand. Bartlett, who knew the original owner of the winery, was shocked. "That is one of the most iconic cult brands in this valley," he recalls. So he countered with an offer to also purchase the brand, which he now considers to be the "crown jewel" in ATC's portfolio: "It was too good to pass up."

As Napa locals, the crew at ATC would have been familiar with Fayard's reputation even if he hadn't worked for Edict Wines before they acquired it. So while the 2018s of Beau Vigne were still in barrel, they quickly contacted Fayard to shepherd the vintage into bottling and assume the role of winemaker moving forward. "When Beau Vigne was purchased, Julien was a natural fit for it, and he was excited to come in and take that brand on," says Zurowski, who considers Fayard to be "a master blender."

To be sure, Fayard brings technical expertise as well as experience in crafting luxury wines, but it's his relationships with many of Napa Valley's most prestigious vineyards that will continue to elevate Beau Vigne into the future. This includes renewed contracts with both longtime sources like Beckstoffer Vineyards' Georges III Vineyard and up-and-coming estates. "That's one thing I'm really excited about. There's a ton of vineyards that have been used in production but were never marketed right," says Fayard. In stewarding a legacy brand like Beau Vigne, he believes it's important to maintain customer expectations by remaining true to the original style while making incremental changes to improve upon it. "We know what we can do in Napa—I just want to bring a little more freshness to the wine," he adds.

That includes the **Beau Vigne 2018 Reserve Cabernet Sauvignon (\$200)**, which exudes opulent dark-fruit aromas with flecks of tobacco leaf and black pepper. It's bold but silky, with a mélange of red and black fruit; notes of chaparral, mineral, and medium-roast coffee; and a persistent, glossy finish. The **Beau Vigne 2018 CULT Cabernet Sauvignon (\$150)**, meanwhile, is a classically bold Napa Cabernet whose earthy forest-floor aromas mingle with cassis, black plum, and spicy coriander. Rich and full-bodied with a deep core of black fruit and layers of espresso, it has soft tannins that maintain their grip through the focused, lengthy finish. *sj*



Julien Fayard is looking to some of Napa Valley's most venerable vineyards for the Beau Vigne label.