**Two Buck Chuck takes a bite out of Napa**

**Fred Franzia, the man behind America's favorite bargain vino, has a big mouth and an even bigger winemaking empire - one that's scaring the bejeezus out of his elitist rivals.**

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September 7 2007: 3:57 AM EDT

(Business 2.0 Magazine) -- There's a war on bluster, and Fred Franzia is losing. Sure, the CEO of Bronco Wine, the nation's fourth-largest wine company, tells me repeatedly that only a sucker would pay more than $10 for a bottle of wine - including his own $35 Domaine Napa. And that Napa's and Bordeaux's claims about their special soils are bogus: "We can grow on asphalt. Terroir don't mean sh\*t." After relieving himself by the side of his Jeep, Franzia recounts a trip to Burgundy where, after an elaborate tasting, he told the winemaker at Chateau Haut-Brion, "You can bottle gasoline if you can sell that."

Franzia, who rose to fame several years ago when he started selling a $2 bottle called Charles Shaw, calls winemakers "bozos in a glass." He really goes off on wine critic Robert Parker, who, he says, likes tannic wines that make people gag. He mocks my college ("We buy wineries from guys from Stanford who go bankrupt. Some real dumb-asses from there"), my religion ("A Jew who eats ribs? You impress me"), and my job ("Business 2.0? Hell no, I've never heard of it").

When I ask him about the community service he did after pleading guilty in 1993 to conspiracy to defraud (he sold 5,000 tons of cheap grapes by mislabeling them and sprinkling zinfandel leaves on top), he says of the mentoring of single mothers he was ordered to do: "I picked up on young girls."

But Franzia gets soft real quick. As he drives his Jeep around the vineyards at Bronco's headquarters in Ceres, Calif., a tiny Central Valley town outside Modesto, Franzia admits he'd much rather buy out of bankruptcy court than directly from my hurting fellow alumni, since "it's less emotional."

He keeps stopping the car to look at grape plants like a puttering gardener. He shows me the land where he plans to build his house, complete with a bowling alley for his granddaughter. Looking up at a hawk flying high over his fields, he wonders whether it doesn't have a better life than we do. He tells me he has trouble sleeping. I find, on the passenger side of his Jeep, an Enya CD, which he claims one of his many girlfriends left there. I deeply consider giving him a hug.

But losing the war on bluster isn't a big deal, since it's only one of many wars Franzia is fighting. In fact, he's waging war on everything: gophers, ants, competitors, restaurant chains, stores, the state, the Supreme Court. It's not just his favorite phrase, it's the way he thinks about business. He says it so much, to so many people, that when I talk to his ranch manager, Junior Robles, he starts telling me about the war on weeds.

There's even a war against the guy who rents the portable potties for the field workers: When the guy raised his prices, Franzia went for his sword and shield; he's buying his own portable johns now. "To you, that's a sh\*tter," he says, pointing to a blue kiosk. "To me, it's a profit center. It's a sh\*tter war. You got to have a war at all times."

But Franzia's main war - the one he's kicking ass at - is against pretentiousness. Bronco, which he owns with his brother Joe and cousin John, has (including vineyard partnerships) 3,000 employees and does an estimated $250 million in annual sales of mostly low-cost wines such as Estrella, Forest Glen, ForestVille, Montpellier, and Silver Ridge. It also gets income from providing distribution, bottling, and juice to other wineries.

In 2002, Franzia persuaded Trader Joe's to sell a low-end label called Charles Shaw (after the winemaker who sold the tony label to Franzia, and dubbed Two Buck Chuck by consumers) that waged war on domestic wines in the $4 to $10 range - and was named best chardonnay in a blind taste test at July's California State Fair over far pricier competition. The label is one of America's fastest-growing, selling 5 million cases per year, all through one chain of stores.

"There's not a doubt in my mind that the two biggest things that have happened to the wine industry in the last 10 years are the movie Sideways and Two Buck Chuck," says Gary Vaynerchuk, who reviews wines on his popular video blog, Winelibrarytv.com. "Has Two Buck Chuck hurt some $8 to $15 brands? Yes. But it's helped the industry overall by bringing in new people. What Franzia is doing, more than creating outrageous quality, is exposing a lot of mediocre people. There are so many fools in the wine industry who are overpriced. Look at Franciscan, Simi, Kendall Jackson. Those guys are jokers."

Much like the Australian powerhouse Yellowtail, Franzia built Two Buck Chuck by buying extensive vineyard property in a cheap area - in his case, the San Joaquin Valley. He bought 35,000 acres stretching from Sacramento to Santa Barbara, the largest acreage of any wine company in the state, to which he's adding three square miles each year. Then he added staggering amounts of bulk wine he scooped up nearly free from other vineyards during the glut that followed the wine boom of the late 1990s.

Once the surplus dried up, everyone thought Charles Shaw would follow. But Franzia has turned it into a sustainable brand, and one that - like Yellowtail or Budweiser - tastes the same every year. That's partly due to his partner and cousin, John, who blends the wine, and partly due to the huge palette of flavors he gets by trading grapes and growing so many of his own. The vintage year printed on the label, Franzia admits, is irrelevant.

Though Franzia is stymied in his next plan to massively change the wine world - by getting restaurants to reduce their enormous markup - he thinks he's on the verge of pushing prices down everywhere else. He's close to getting Wal-Mart to sell one of his labels for $2 a bottle, and he's just started selling a $6 cabernet with grapes from Sonoma's Alexander Valley that he claims he bought from a winery that sells its bottles for $75.

He has four vintages and enough wine for more than 100,000 cases of the brand, which he's calling Alexander & Fitch. He hopes people will see "Alexander Valley" on his label and wonder why they have to pay $20 for other wines from the region. And while he refuses to say this brand is any better than Charles Shaw, when he hands me the bottle, he pauses and says, "Don't just smoke cigars and drink it. Drink it at a great location."

Hating pretentiousness isn't just a business plan. It's Franzia's entire identity. His office is a wood-paneled trailer with carpet holes repaired with duct tape that looks like it might house the night manager of a troubled dude ranch. He uses his cell phone only in his car, and he has no computer; his assistant prints out his e-mail messages in the morning, and he handwrites his responses on them.

He's worked in the wine industry his entire life, but he calls the grapes "varieties" instead of "varietals." For a while, he has me convinced that he's planted some weird grape I've never heard of called "moh-ver-dee," until I realize he's talking about the Rhone varietal mourvedre. Driving by a guy selling fruit along the side of the road in the hot sun might fill some with pity, but Franzia looks on with pride. He pokes me with a thick finger and says, "That's a real businessman."

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When I ask if he's tempted to build a pretty little winery in Napa with tours and gardens and a tasting room and move into a nice house - instead of a trailer in the middle of a giant field near absolutely nothing, surrounded by barbed wire and pimpled with cement wine tanks slightly bigger than the coolers on a nuclear reactor - he ends this line of inquiry with his second favorite phrase: "Who do I have to impress? Is it going to make you happier to interview me in Napa?" When I inform him that, hell yes, I would be a lot happier to be in Napa, he shakes his head in dismay: "Come on, Joel. This is real life."

This "real life" phrase comes up constantly, second only to the wars. Real life is that hawk, or the tractor trailer that split in two from the weight of grapes. When I bend down, as instructed, to pick up a gopher skull amid a huge pile of bones outside an owl house built to keep rodents away, those bones are real life. Real life, I quickly learn, is anything except what you would do in Napa.

The people who live in the county of fake life aren't fond of Franzia. In 2004, when the company was named winery of the year for the second year in a row at the Unified Wine and Grape Symposium, the entire room groaned in displeasure.

At a dinner for Napa grape growers in 2005, attendees even broke out in a chant: "Kick Bronco's butt!" This is partly because of a long legal battle that Napa growers have waged against the company. A law requiring wines labeled "Napa Valley" to contain, by volume, 85 percent grapes from that area had a loophole grandfathering in brands from before July 7, 1986, when the regulation was passed. So Franzia bought up three wineries with the word "Napa" in them that were founded before 1986. Napa got the loophole removed. Franzia sued. The Supreme Court last year declined to hear the case.

While many winemakers say they hate Franzia because he's a bully or because he's crude or because he operates close to one side or another of the law, Franzia believes it's because he exposes their pretentiousness. "Sniff it and smell it and taste the inner body," he says, scoffing. "They're trying to confuse the consumer. You either like it or you don't like it. You shouldn't make them feel like second-class citizens. I love to sell something you don't have to give an excuse for."

The text on the back of Franzia's Three Knights chardonnay label, after a story about two brothers and a cousin who crusade on behalf of the people, delivers a brilliant parody of vintner-speak, cramming together words like "notes" and "mid-palate" and "melon" nearly nonsensically.

"A lot of people object to Fred because of jealousy, a lot of people object to him because of his business practice - which is, simply, if the law says I can do this, I'm going to do this to the fullest extent," says Michael Mondavi, founder of Folio Fine Wine Partners and a close friend of Franzia's who went to high school and Santa Clara University with him. And, Mondavi believes, they mostly hate him because his company scares the crap out of them: "When Fred built a bottling plant in Napa, everyone's great fear of the San Joaquin Valley invading Napa Valley mushroomed."

According to Mondavi, San Joaquin grapes had improved tremendously in the 1990s - especially when unpopular, harsh grapes such as carignan were replaced with cabernet sauvignon and merlot - and Franzia was using real winemaking techniques on them. That, coupled with Franzia's very un-Napa crudeness, made him highly unpopular in wine country.

While the crudeness seems like a put-on meant to test opponents, it's still startling. He's a giant, 62-year-old former high school football player who looks like a cross between John Madden and Shrek, and he utters very few sentences that don't contain at least one curse word.

When we go to lunch at the Farmer's Den, a cheap joint down the road from Bronco where Franzia eats four or five times a week, he greets our scoop-necked T-shirted waitress Whitney - the owner's daughter - with "Why you hanging them out like that, like the other girls? Is your dad not around?" She blows this off with "Whatever, Fred. You always have something to say."

Later, when he's showing off his collection of 187 flags, he requests one from Swaziland by telling a guard to "put up the spear-chucker flag." This would probably not go over well in Napa - or anywhere after 1960. And remember, this is how he talks when someone is following him around with a notebook.

Although Franzia is unapologetically blunt, his partners tell me they never get in fights with him. While older brother Joe avoids the press, he interrupts his one-word answers to tell me that Fred never bullies his inner circle. "If we can't get to a decision, we table it," Fred explains. "Everyone then comes back with new ideas. If we can't agree then, we table it. If we don't agree the next time, we never bring it up again."

Franzia works 100 hours a week and never takes vacations - and there aren't many slackers at Bronco. When I meet Franzia on a Saturday, Bronco's inner circle is deep in a meeting. That morning they all interviewed a salesman who made the crucial mistake of mentioning that he's physically active. "When does the guy work? He golfs and plays baseball," Fred says, laughing. "We faked it for 10 minutes and then kicked him out."

While he expects a lot, Franzia is known for listening to his employees, even if he has to berate them into talking. "The thing we do better than anyone is we listen," Franzia says. And despite Bronco's size, he's still willing to take big risks.

As we speak, enormous swaths of his fields are being ripped up to switch from cabernet sauvignon and merlot vines to pinot noir and pinot grigio, which Franzia expects to be big sellers because they're easy to drink. "We don't admit we made a mistake by putting in cab. We're 'adjusting,'" he says. "You have to be aggressive. You have to be ahead of the curve. Today the bottom price of pinot noir is $60 a case, but we hope to plant enough to have it in Charles Shaw."

Franzia believes deeply that success comes in increments, from small adjustments. He built long, straight paths in his fields so that his tractors make fewer turns and wear tires out more slowly. He runs all his vines north to south so they get even sun exposure.

His next project in Napa doesn't involve pricey grapes, but rather the construction of a bottle factory that will adjoin his bottling plant - giving Bronco complete vertical integration and slashing costs even further. "Success is easy if you think of it like rust: It's inevitable if you keep at it. You look for magic moments, but they're not there," Franzia says. "Guys can claim they are, but that's bullshit."

He started the company in 1973, right after his dad sold the family wine company, started by Franzia's immigrant grandfather in San Joaquin Valley in 1915, to [Coca-Cola](http://money.cnn.com/quote/quote.html?symb=CO&source=story_quote_link) ([Charts](http://money.cnn.com/quote/chart/chart.html?symb=CO&source=story_charts_link)). Franzia didn't speak to his dad for seven years after that, and he started up Bronco to compete with him.

Franzia has turned Bronco into a new family business, with 12 relatives on the payroll, but says he has no interest in buying the Franzia label (now owned by an unrelated winemaker that sells a sweet boxed wine popular for drinking games). "I think it's better not putting your name on it," he says. "Otherwise you get emotionally involved, like Mondavi, and it clogs your thinking."

Emotion doesn't clog much about Franzia. Still, a few things contradict his third most-used phrase: "All I care about is making money." Fronting his property are huge rows of pretty cypress trees, which he had planted after visiting Tuscany. And this house he's planning to build - a series of three houses, actually - will be right on a small artificial lake surrounded by fully grown trees he's been planting since 1987 in anticipation of the home. After telling me about this, he quickly adds, "Don't tell anybody. They'll think I'm going soft."

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