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By putting people before price, an online entrepreneur has changed the way wine is made and enjoyed, writes Deborah Light

Guardian angel

LUKE JECKS LOOKS an unlikely international CEO. Relaxed and genial, he's kitted out in jeans and runners and wears a fashionable fuzz. Then there's his global HQ – a desk among his 35 staff in a crowded space above a modest marina on Sydney's northern beaches. Most are there to take calls from members. They call themselves the customer happiness team and they call their members angels.

Jecks is founder of Naked Wines Australia, an online wine merchant whose nearly 40,000 members crowdfund fledgling winemakers. The "angels" – a term that originally described benefactors who provided backing for Broadway shows – pay \$40 a month against future purchases for wines exclusive to the company at discounts of 25% to 50% on the price paid by regular buyers on the site. "It gives us a bit of a guarantee," Jecks explains. "If you have roughly 40,000 angels, times \$40, that gives us \$1.6 million a month to invest in winemaking. The thing that worked for us was not the funding, though that's important – it's how sticky it makes the customers; how it drives repeat business and that's what matters in the online world. Wine-making is very capital intensive and it's 12 months before you see a cent of return. Then there's the scary issue of who's going to buy it?"

This company model takes the cost pressures of making and marketing off small producers, Jecks believes, and since its launch three years ago \$20 million has been invested in some 30 independent winemakers in Australia and New Zealand which supply around 80 wines,

FACT FILE

Luke Jecks, 43, founder of Naked Wines Australia and CEO of Naked Wines International. Lives Newport on Sydney's northern beaches.

Former director of sales and marketing, Cellarmasters. Named among top 50 online retail executives by *Inside Retail* and among the top 50 wine stars by *Australian Wine Business Magazine*, both in 2014. First job, letterboxing real estate pamphlets, age 13.

exclusive to Naked Wines. There are waiting lists for angels and winemakers, so that demand and supply forecasts are in sync, he says. "We're a kind of dating agency, putting the two together."


Jecks is no wine snob, even after 20 years in the industry. He's not into raspberry notes, peppery finishes or hints of lychee, even though he knows the lingo. "I love wine but it has its place. It's a great complement to a meal, a great way to wind down from work and a glass of wine when I'm cooking is fantastic. I think for too long the wine industry has tried to use amazing descriptions of wine to get people engaged whereas they are less interested in that than they are in the human story behind the wine."

Those stories had become lost, Jecks believed,

trampled in the race to the bottom by Coles and Woolworths, which now sell 77% of all wine in Australia through their vast liquor arms and eternally squabble over price. He'd long been dissatisfied with what the wine industry had become: "When the catchphrase, the point of differentiation, is lowest prices guaranteed, you've lost the inspiration on a product that should be inspirational. People appreciate low prices – but what does it take to get to those prices? It's turning wine into a commodity. It's taking all creativity from the producers and they're consolidating so there are less of them. And they're no longer having discussions around wine that's inspiring, but about how much money they can take out of the production to get down to that low price."

Jecks had stumbled into his career. Two years into a law degree he'd pulled out. "I realised that just because you're qualified to do law isn't good enough. You have to be interested in it. It wasn't my future." Looking around for that future, he played football, delivered pizzas at night and wound up with a part-time job at Cellarmasters where he proved an early achiever. "Because of the way I got into business I never got schooled in the politics of business: there's a ladder and you climb the rungs. I never saw the ladder. I was quite happy to walk into the CEO's office and say, 'Hey, what are we doing this for? Here's a better idea.' And it worked for me. I got recognised and I got opportunities."

Still in his 20s he was posted to Switzerland to start a company for parent Foster's. He also worked in the UK for Virgin Wines where he became friends with former Richard Branson

A man in a white dress shirt, grey tie, and dark blue jeans is leaning against a white doorway. He is smiling and has his left hand in his pocket and his right hand on his shoulder. Behind him, a white boat is docked in a harbor with a green hillside in the background. The scene is set on a wooden deck next to a blue building with horizontal siding.

**"I never got
schooled in
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RENTAL PROPERTY

executive and Naked Wines founder Rowan Gormley, who persuaded Jecks to take the name to Australia and provided start-up funding. After Britain's largest independent liquor retailer, Majestic Wines bought out Naked Wines earlier this year, Gormley moved to the CEO role at Majestic's helm while Jecks became international CEO of Naked Wines – which also has operations in the UK and the Napa Valley in the US. Jecks first knocked the job back, reluctant to move his young family to the US. When it was re-offered, his wife Peta was supportive but, says Jecks: "I had two boys in school and one had been having a hard time and suddenly it clicked for him and he had mates and he was happy." He again refused. "I've never felt more proud of anything I've done than when I hung up the phone and said to myself, 'I've just picked my family over a global CEO role.'"

When the job offer returned without the requirement to relocate, Jecks was happy to take it up and money didn't play much part in the decision, he says. He points out he'd turned his back on a senior career with Woolworths, including share options and company perks like a car, following its acquisition of Cellarmasters, so he could launch Naked Wines here. "It was a massive risk; there was just me working in the kitchen, having to go round and find the warehouses and so on. I enjoyed the idea of doing things that are below and above me. As an entrepreneur you have to be prepared to do that; things you've never done before and just work your way out."

Jecks quickly realised he'd underestimated the concept's appeal. "It's a scary thing. A week from launch and you're standing in the warehouse and there's \$2 million worth of wine – walls of it – and you go 'Wow! I better do something with this stuff', and the responsibility was huge. Three months later I was standing there going, 'I don't think we've got enough.' I was so concerned we used investors' money carefully that we almost ran

out of wine because I was planning for: what if this thing fails? What I wasn't planning for was: what if it succeeds?"

A key factor in the success has been staff input and Jecks believes a robust company culture is critical. "I've worked in dictatorships. I've seen leaders who lead with power and those who lead with inspiration. I think that for a company to truly succeed the staff have to be inspired; they have to feel like it's their company."

In this case, it's partly true because all staff were made shareholders in the local operation. Jecks recalls that, after the Majestic takeover: "I've never had a better experience than sitting here, handing cheques over to our people." The next generation of staff shareholding is about to begin under the new parent, he says.

Jecks's family remains a priority, despite an

Play time ... Jecks gets up early so he can go for a surf and spend time with his family.



increased workload that includes a week a month in the UK and one every two months in the Napa Valley. He rises before 5am, goes for a surf or exercises, then does breakfast for his kids and gets them ready for school. "I worked out once you start work, work determines when you stop if you're an entrepreneur or senior executive. It's too easy to come home late and say, 'Sorry I missed your bedtime, I'll make it up to you.' It was also my own health. I want to be fit and find time for myself so the only way for me to ensure my family gets time is to get up early – then it doesn't matter so much if in the evening something runs over."

On what money means for Jecks, he says: "I've realised your propensity to spend increases with your propensity to earn," and adds, laughing: "When I was at university living off \$70 a fortnight I felt as well off as I do now." But he's not interested in trophies. "I'd rather have a collection of little entrepreneurial businesses that are making a difference than a collection of cars. I look at the boats out there on the marina and I know they're just possessions, they're not that fulfilling, but the things that you

can do with money – like help somebody's life – that's when it's really fulfilling."

On what he tells his sons, aged 11 and 9, about money: "I teach them that possessions lose their value pretty fast and I teach them not to value somebody based on their money." They're obviously learning something. Jecks's eldest has started his own company – Smiley, skateboards by kids – for kids, and dad is a 5% shareholder.

Jecks's own mum and dad started family life in Perth state housing, having become parents at 17, and Luke learnt by their example. "They had a hard start. All they wanted was that their kids would have a better, more comfortable life than they had and they worked their butts off for that. I have that instilled in me and I want to pass that on to my kids. I'll work my backside off for that as well."