

Interview with Paul Segas, founder &amp; co-owner, Highlands Winery

# Secret to Long & Vibrant Life

## Love of Wine & Passion for Innovation

Interviewer: Kentaro YASUI



**Paul, you have had a long and successful career in business. Could you tell me some of the highlights?**

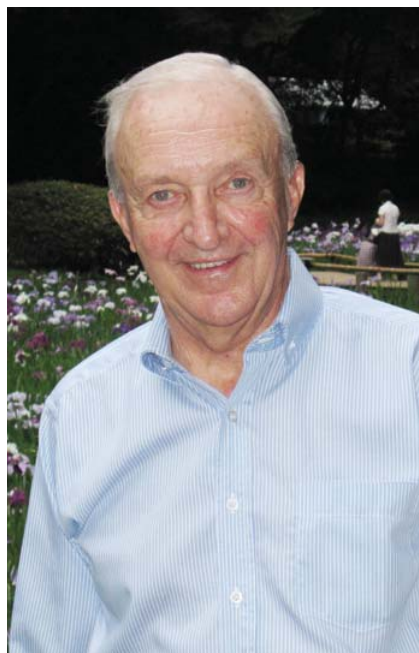
**Segas:** In 1963, after attaining my MBA and finishing my military service, I joined IBM, where our team at Alcoa Inc. worked on one of the first cases in controlling a continuous manufacturing process via the computer. The customer then expanded the scope of IBM services to encompass economic modeling of global demand for aluminum, remotely controlling multiple aluminum plants with efficient use of electricity in mind, and financial modeling of Alcoa operations overall. Here, an added bonus was working with a young economist named Alan Greenspan before he went on to pursue an illustrious career at the Federal Reserve.

In 1966, an IBM assignment took me to the company's San Jose Research Center in Northern California. I fell in love with the region and immediately requested a transfer to San Francisco. Within a few years, I was promoted to be the global account manager for Standard Oil (now Chevron), where I coordinated the efforts of IBM salesmen and engineers worldwide working with Chevron. Some of the projects included sophisticated seismic modeling of potential new oilfields and complex economic modeling of the company's business as well as the routine operations of production, refining, marketing and sales, including using leading-edge technologies in credit card processing and point of sale systems.



*Paul Segas in his young days working at IBM*

In the early '70s, I left IBM to establish my own real estate development and brokerage firm, Foremost Properties in San Francisco. Timing was ripe economically, and I was involved in a number of innovative developments such as apartment-to-condominium conversions in San Francisco, hotel renovation in San Francisco and residential condominium development in San Diego. I was young and brash enough to offer "guaranteed buy-back" programs to condo-



*Paul Segas today*

minium purchasers, which in hindsight was quite risky but nevertheless helped to sell many units that I developed. I was always pushing the envelope as to what was possible within the existing regulatory framework, but at the same time, we were much affected by the changing sentiment of political and regulatory regimes of the times.


In parallel to real estate development at Foremost Properties, in 1973, I bought a prune orchard and converted it to a vineyard property in Napa (about 80 hectares). This was my first foray into the wine business, and we began by selling quality grapes to the likes of Domaine Chandon, Robert Mondavi and Mumm Napa. In these days, I would spend weekends tending to the vineyard with my wife and two kids; we delved deeper into caring for our grapes and vineyard, much more so than we initially anticipated, working closely with our vineyard management consultant. Our kids practically grew up on the vineyard, even though we lived in San

Francisco during the week. We found ourselves spending more and more of our time at the vineyard.


In the early '90s, due to my personal relationship with Robert Mondavi Winery and other wineries nurtured in Napa, I established an exclusive importing and distributing company for Mondavi in Russia. In light of the collapse of Communism and emergence of "New Russia," importing of wines was liberalized, and we enjoyed brisk business selling Mondavi wines in Russia. Just as soon as we started to feel the euphoria of success, Russian mafia and police colluded and started to interfere with our business; their ultimate motive being extracting "facilitation fees" from us for their "services." It was a "no win" situation where our prospects were bleak (remarkable that such a collusion would take place in the first place), so we packed up and exited from wine importing in Russia. A saving grace was that we did not make any investment into Russia; rather, we just carried inventory and sold it off before we left. This was a scary experience, but at the same time I'm grateful for the opportunity it afforded me to get to know Robert Modavi personally and receive some of his legendary insights and wisdom about wines.

We came back to Napa, and in 2005 launched our own winery, Highlands Winery ([www.highlandswinery.com](http://www.highlandswinery.com)) in partnership with Dave Cofran, who was formerly the general manager of Silver Oak Winery. This was my dream come true in terms of owning my own winery. We were fortunate to have acquired the Highlands brand and inventory for a very reasonable sum from Freemark Abbey,

which was restructuring its operations at the time. We also recruited Jeff Fontanella as our wine-maker, who brought wine-making influences of OpusOne. As a result, our wines are similar in style to those of OpusOne, featuring premium, intense and multilayered Cabernet Sauvignon fruits from Napa. We have won numerous awards and accolades for our wines, and we hope to continue to make our wines available in as many geographies as possible.

 **And you are still going strong today. What are some of your more recent projects?**

**Segas:** Well, we are importing Highlands wines into Japan, China and Singapore; exporting Mu-solator, a seismic-isolation technology, from Japan to California and Chile; and investigating application of Japanese seed germination technology to a portfolio of fruit seeds in California for use in supplements, drinks and cosmetics. In fact, I just came back from an extended trip to Chile. Also, I'm quite happy with how the sales of Highlands wines are going in our newest market, Japan. With all three projects, I feel fortunate to have met exciting technologies, business opportunities, and colleagues in the United States and Japan who help glue everything together. It is also worth noting that all three are cross-border business development projects in nature, eliciting fascinating cross-cultural experiences and making new close friends.

 **I find it exceptional that your career took you to so many different industries and countries. Were there any commonalities?**

**Segas:** Well, all these wide-ranging endeavors can be summarized by "love of wines," "passion for innovation" and "global perspective."


I'll speak of these points in turn. Ever since we bought our vineyard in 1973, we have been drawn deeper and deeper into the wine industry, culminating in the launch of our own winery, Highlands, in 2005. My wife Karen is also heavily involved in the winery, where we go on sales calls all over North America. So it feels really like a family business. Some customers of ours say she is the "secret weapon" since she is so affable and great at building relationships. We both breathe and live the wine business, and we love it.

In terms of innovations, I have been involved with ground-breaking solutions at IBM, leading-edge business models in real estate and fascinating seismic proofing technology as well as plant seed germination technology. These more recent technologies actually touch on the wine industry. So there are many synergies there that can be leveraged. I just feel passionate about the deep and advanced nature of these innovations as well as bringing these to society at large and delivering meaningful benefits.

Finally, many of my endeavors have been global in nature, touching Australia, Germany, Hungary, Romania, Russia, Japan, China and Singapore just to name a few countries where I've had business experiences. It is just more exciting whenever cross-border deals are at play.




*At his vineyard*

 **What keeps you so young and full of life?**

**Segas:** Well, love of wine and passion for innovation really keep me energized, refreshed and motivated to go after more and more customers, channels and/or partners. During the course of nurturing all these businesses, there is always a new learning, insight or experience, which in turn fuels my curiosity. So, I guess it's a virtuous cycle of curiosity, discovery and nurturing of businesses that keeps me young and thriving. It also helps that my wife Karen is heavily involved in our wine business. So we experience everything together as a couple.



*With his wife, Karen*

 **Speaking of wines, I understand you had a very special get-together, with wine as its central pillar.**

**Segas:** Yes, both of our children work for the State Department (American Foreign Service); our son Greg and his wife Lorena are currently assigned to Mexico and our daughter Lynn to Austria. It is not always easy for the five of us to come together as a family. For the first time in nearly five years, we succeeded in getting together in Napa in late January 2011. We celebrated with some fine wines out of my cellar and wonderful dinners. Many of my special times involve family and wine.

Let's end with a toast to *Japan SPOTLIGHT* and its readership! **JS**

*Kentaro Yasui, managing partner, Inspirior LLC, is a strategic advisory professional focused on high technology. He has also invested in and nurtured startups in the United States and Japan.*