



# Resource-based Venturing: The Case of Venture Whisky

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**Abstract:** In recent years, global demand for Japanese whisky has been growing. Venture Whisky, a Japanese venture launched in 2004, is a born-global company exporting whiskies since 2006. It was able to win born-global status through resource-based venturing. Although the founder did not inherit assets or control of his family business, he recovered 400 casks of whisky that had once passed into other hands and was able to establish his business with these 400 casks as its basis. It was this “resource-based venturing” that proved to be a critical factor in the company’s success. That is to say, businesses that start with some sort of resource basis have a higher success potential than those starting from scratch, and sticking with succession of the existing business would have hardly led to success. The very key to this success is in resource-based venturing.

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## **Introduction**

Japanese companies once exported many products worldwide and also sold these products in overseas markets through local production. “Made in Japan” won high reputation in various fields, including automotive and consumer electronics. However, with the turn of the century and the growing power of countries such as South Korea, Taiwan, and China in industrial products, Japan lost its presence relative to these countries as a final-product provider and instead came to provide many parts and components to them.

Meanwhile, Japanese whiskies are now gaining fresh acclaim worldwide as Japan-made products. They have won many liquor-fair awards internationally, and the export volume of Japanese whisky has been rising rapidly since 2010. It is not only the volume but also the prices of export whiskies that are rising. This article picks up Venture Whisky: one of Japan’s emerging small- and medium-sized whisky makers. Venture Whisky is a highly competitive born-global company that started exports shortly after its foundation.

### **Venture Whisky: A Japanese Craft Whisky Company**

Venture Whisky was founded in September 2004 in Chichibu, Saitama Prefecture. In February 2008, it obtained whisky-manufacturing licenses and began operations at its Chichibu distillery. At present, there are 20 employees. The company sells whisky domestically and internationally; its products have won

numerous awards as shown in Table 1. The growing worldwide reputation of its products has made headlines; for example, in August 2019, a set of 54 bottles fetched a price of almost 100 million yen at a Hong Kong auction.<sup>1</sup>

It must be noted, at the same time, that Venture Whisky is not a company founded from nothing. In fact, it had the heritage of the Hanyu distillery, which is generally a key resource for a whisky maker because maturation of whisky takes long time before shipping it. Hanyu distillery was the distillery owned by Japanese sake maker Toa Shuzo. It used to produce spirits during WWII, newly obtained whisky-manufacturing licenses in 1946, that is, after the war, and transferred the company's headquarters plant to Hanyu. The Hanyu distillery manufactured and sold whisky to the occupation forces stationed in Japan. Although having the licenses, their primary operation was to bottle and sell whisky imported from overseas. In 1983, the distillery installed authentic pot stills and began producing whiskies. However, Toa was eventually acquired by King Shuzo, another sake maker in the Kansai area, in 2000 because of poor sales in the sake business. Considering stagnant demand for whisky, King judged in 2004 that the Hanyu-made 400 casks were unmarketable and decided to dispose of them. The casks were stored temporarily in the warehouse of Sasanokawa Shuzo, another sake maker, in Fukushima Prefecture.<sup>2</sup>

The casks were finally reclaimed by Venture Whisky, which was founded that same year. Its founder, Ichiro Akuto, was a grandson of the founder of Toa Shuzo. Although none of Toa's executives or employees participated in the establishment of Venture Whisky, when it leased the land, a relative from the Toa founding family lent

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<sup>1</sup> <https://www.nikkei.com/article/DGXMZO48693120Y9A810C1CR8000/>

<sup>2</sup> Venture Whisky Facebook page [https://www.facebook.com/pg/ChichibuDistillery/about/?ref=page\\_internal](https://www.facebook.com/pg/ChichibuDistillery/about/?ref=page_internal)

**Table 1.** Award records of Venture Whisky

Year	Award records
2007	WWA2007: Two of clubs 6y [Best Japanese single malt under 12y] Malt Maniacs Awards 2007: Hanyu 1988 [Supreme warped cask award]
2008	WWA2008: The final vintage of Hanyu [Best Japanese single malt 12 under] WWA2008: Ichiro's Malt 23y [Best Japanese single malt 21y and over]
2009	WWA2009: Double Distilleries [Best Japanese blended malt]
2010	WWA2010: Six of clubs [Best Japanese single malt 12y and under] WWA2010: King of hearts [Best Japanese single malt 21 and over] WWA2010: Mizunara wood reserve [Best Japanese blended malt no age] Jim Murray's whisky bible 2010: King of diamonds, Ace of Diamonds [Liquid gold award]
2011	WWA2011: Wine wood reserve [Best Japanese blended malt] Whisky Advocate Award: Chichibu the first [Japanese whisky of the year]
2012	WWA2012: Wine wood reserve [Best Japanese blended malt no age statement] WWA2012: Nine of clubs [Best Japanese single malt 12 to 20y]
2013	WWA2013: Wine wood reserve [Best Japanese blended malt no age statement] Ichiro's Malt CARD JOKER [Japanese whisky of the year]
2017	WWA2017: Ichiro's Malt Chichibu Whisky Matsuri 2017 [World's Best Single Cask Single Malt of the year 2017]
2018	WWA2018: Ichiro's Malt & Grain Limited Edition Japanese Blended Whisky [World's Best Blended Whisky Limited Release]

Source: Venture Whisky facebook page

[https://www.facebook.com/pg/ChichibuDistillery/about/?ref=page\\_internal](https://www.facebook.com/pg/ChichibuDistillery/about/?ref=page_internal)

the name and eventually participated in the money management, including the procurement of bank loans.

Venture Whisky initially started its operation by selling the reclaimed whisky produced at Hanyu distillery but subsequently also began selling whisky produced at the then newly built Chichibu distillery. The company now sells diverse products, and the most representative brand is “Ichiro’s Malt,” a 100% malt whisky. Furthermore, Venture Whisky has newly constructed its second distillery and plans to increase the overall production volume from 2019 onward, including production at the second distillery.

Venture Whisky adheres to Scotland’s traditional whisky-making process, with manufacturing facilities also employing the equipment made in that country. All processes from malt milling to barreling are conducted at its own distilleries. Malt is sourced from several countries, including that which is locally produced in Chichibu. Malt is milled, saccharized, and fermented to create wash, the base material of whisky. Spirits are then produced through first and second distillation in two pot stills. The distilled spirits are then barreled and matured. Currently, there are three storehouses in which whiskies are aged in a variety of wood casks, such as the bourbon, sherry, and mizunara casks. Packing and labeling of the matured products are undertaken by part-time employees.

All employees are involved in the distillation process and undergo production-related training. Wide-ranging job rotation is a feature of Venture Whisky’s human resource policy, enabling all employees to participate in aspects of operations such as marketing and logistics while being involved in production. This system was developed with the aim of assigning people knowledgeable about the manufacturing process to other roles.

At present, one-third of Venture Whisky’s production volume is exported to destinations such as France, the U.K., the U.S.A., and Taiwan. Initially, to kick-start domestic sales, the founder himself

went directly to various events and bars for marketing after he actively joined in various overseas whisky-related events and also visited distilleries in Scotland. During his travels, he had a serendipitous encounter at a U.K. airport with Mr. Martin, editor-in-chief of Whisky Magazine, a whisky-specialist U.K. magazine. At the time, Mr. Martin had a plan for a wholesaler of Japanese whisky and proposed that it deal with Venture Whisky's products. Akuto accepted the proposal and entrusted development of overseas markets to the potential U.K. wholesaler. At Venture Whisky, workers in the manufacturing department also work as salespersons. Moreover, the company has a low production volume issue. Because of these problems, the company refrained from new market development overseas. Currently they export their products directly to the overseas wholesalers, and in the future, they plan to expand the production volume. Further, communication with overseas markets and developing new markets will be promoted.

### **Born-Global as Revitalization of Family Business**

In light of the foregoing description, Venture Whisky's overseas expansion took a relatively short time as it began exporting products in 2006, only two years after its foundation in 2004. Rennie (1993) has defined a "born-global company" as an entity that most prioritizes exports at its establishment.<sup>3</sup> In case studies, this is determined by whether a company started exports in two years (Rennie, 1993; Rialp, Rialp, Urbano, & Vaillant, 2005); three years (Rasmussen, Koed Madsen, & Evangelista, 2001; Knight & Cavusgil, 2004), or 10 years (Kanda, Takai, & Benton, 2017). Venture Whisky, starting exports in only two years in 2006, proved to fulfill even the

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<sup>3</sup> Additionally, born globals are not restricted to exports; they are also defined by their overseas expansion and display of international competitiveness in these markets (Knight & Cavusgil, 2004).

strictest criteria mentioned above for a born-global company.

The question now is as follows: how was Venture Whisky able to become born global? Despite the findings that show small- and medium-sized businesses are generally reluctant against new business opportunities (Wada, 2019), Venture Whisky has entered overseas markets proactively. This is because of its resource-based venturing nature. Thanks to the remaining malt after Toa Shuzo's shutting down of its whisky division, Venture Whisky was able to leverage this resource in its expanding overseas business in a short time after its foundation and then fulfill the criteria of a born-global company. Actual operations at Venture Whisky's Chichibu distillery started in 2008, and shipments of matured whisky took another three years, starting in 2011. In other words, even in the case of Venture Whisky, the first seven years saw no own products being sold, other than those made from the whisky from the 400 leftover casks of Hanyu distillery.

More accurately, from the perspective of Venture Whisky's founder, the company began selling the 400 remnant casks of whisky from his past family business. With the exhaustion of the whisky within a few years being in sight, the company began manufacturing its own whisky to leave something for the future. This should have made him incline toward continuing the business simply because it was his family's.

There are strong elements of a family business in Venture Whisky's foundation and management. Chichibu was the founder's hometown, and he established a distillery there because many of his relatives lived in the region. Family businesses do not separate ownership and management, nor do members of the founding family assume key management positions, and these successors are selected among them (Kurashina, 2003). Because management by family members entails long-term commitment to the business by the family, it tends to lead to strong performance by the firm (Kagono, 2008). In the case

of Venture Whisky, the existence of this long-term commitment led the business toward creating its whisky.

In fact, the proactive sales style of Venture Whisky's founder—taking a global market perspective from the first stage and using his personal networks to start exports—is also a sales style inherited from his grandfather. The founder was strongly influenced by his grandfather through his childhood spent playing in the brewery. His grandfather was the type of entrepreneur who actively engaged in marketing and jumped at various opportunities.

Kato (2014) emphasizes the dynamic entrepreneurial activities exhibited by such businesses in response to environmental changes, while noting the conservative governance structure of family businesses. Ochiai (2014) further points out the necessity of balancing restrictions and autonomy in family business succession. In the case of Venture Whisky as well, it insisted on creating whiskies that are different from the Hanyu-made. Hanyu distillery was caught up in price competition because of the lack of identity in its whisky, which made Venture Whisky focus on differentiated whisky manufacturing.

### **Concluding Remarks: Resource-based Venturing**

The existence of startups with strong elements of a family business as in the case of Venture Whisky evokes discussions of organizational ambidexterity (Birkinshaw & Gupta, 2013; Raisch & Berkinshaw, 2008; Tushman & O'Reilly, 1996). March (1991) explains the difficulty faced by organizations to simultaneously achieve both exploration and exploitation, while Wada (2011) points out the tendency toward excessive exploitation causing creativity to be reduced. Therefore, the employment of ambidextrous management to simultaneously achieve exploration and exploitation is gathering attention.

However, explaining Venture Whisky's success through the idea of ambidexterity might not be appropriate. As mentioned above, Venture Whisky became a born-global company because of its possession of resources symbolized by the 400 casks of Hanyu distillery whisky; its success was therefore due to resource-based venturing.

Understanding Venture Whisky as a case of resource-based venturing provides significant insight into discussions around business succession although the perspective of a resource-based venturing precedent cannot be found in the annals of Japanese venture businesses (Nakano, 2017). According to the Small and Medium Enterprise Agency (2016), business succession is business continuation through passing on management rights, property, and intellectual assets. In contrast, Venture Whisky did not inherit management rights, nor did it truly inherit property or management assets from Toa Shuzo. If anything, it had simply recovered the 400 casks of whisky in others' hands. However, for Venture Whisky, it was in fact resource-based venturing—starting business with the 400 casks—that was the very important factor behind its success. That is to say, starting new businesses with some sort of resources will have a higher success potential than starting from scratch. Conversely, simple insistence on business succession does not guarantee success; the only key to success in this case was resource-based venturing.

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