

Templates for winery
managers from
2017 Symposium panels:

How to assess the health
of your wine business?

Creating a sustainable
wine business.



Scion Advisors®

Early Warning Signs – *Trouble in Camelot*

❑ Complexity and confusion

- ✓ Decision making is so much more complicated
- ✓ Firefighting consumes everyone's attention

❑ Financial misses

- ✓ Unable to get cash flow under control. Financial surprises are routine
- ✓ Quarterly projections are frequently missed
- ✓ My cost of goods are escalating
- ✓ I don't know what products are generating profits

❑ Slow like mud

- ✓ As we grow, members of my team appears weaker
- ✓ My growth rate has slowed

It may be time for a check up!



Peer Benchmark - Example

		2015	2016	2017 (plan/goal)
PROFITABILITY				
	Net Revenue			
	Cost of sales			
	Gross Profit - Wine			
	Operating Expenses-			
	G&A			
	Selling & Marketing			
	Operating Income			
	EBIDTA			
% OF WINE SALES:				
	Gross Profit - Wine			
	COGS			
	Operating expenses			
	G&A			
	Selling & Marketing			
	Operating Income			
	EBITDA			
CASES SOLD				
	Wholesale/FOB \$			
	Cases			
	% of \$ sales			
	Retail \$			
	Cases			
	% of \$ sales			
	Cases Sold \$			
	Cases			
\$\$ PER CASE				
	Revenue			
	Cost of goods			
	Gross profit			
	Production			
	Grapes and Wine			
	Winemaking			
	Bottling and Supplies			
Channel pricing				
	FOB/Case			
	Direct/Case			

Rules of Thumb: How does my winery measure up?

- Gross margin targets
 - \$50-100 segment 70%
 - \$25-50 segment 60-65%
 - \$15-25 segment 50-55%
 - <\$15 segment 50%
- Marketing, Sales and G&A expense targets 30-35%
- Operating profit (EBIT) targets
 - \$50-100 segment 40%
 - \$25-50 segment 35%
 - \$15-25 segment 25%
 - <\$15 segment 15-25%

Source: Large winery industry research 2008



Performance Management Flash Report - Example

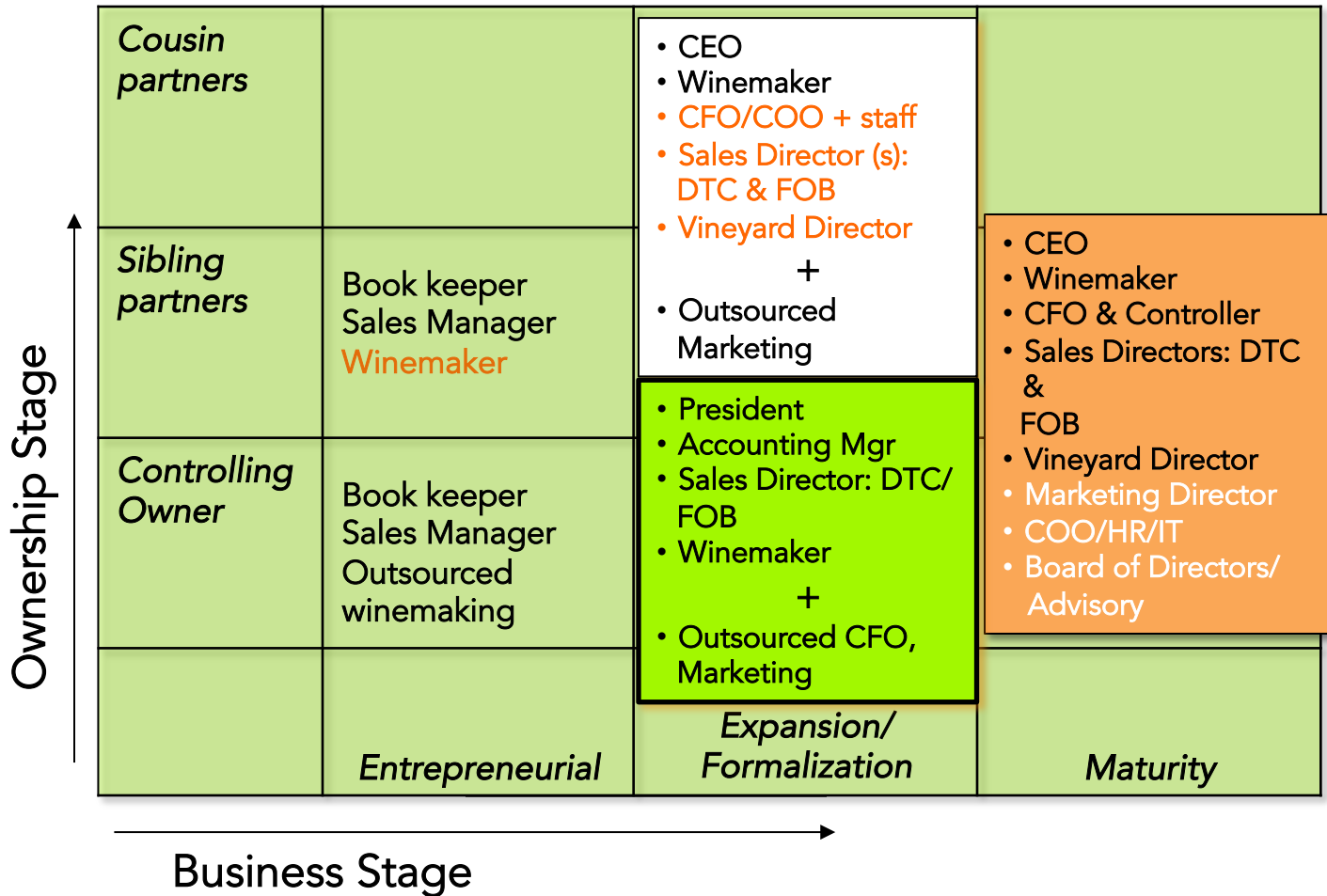
Winery X
FLASH REPORT
For the year ending December 31, 2017

D Steintal
For all of the TARGET cells you will need
enter your "budgeted" amount for each
KPI

Key Performance Indicators	JANUARY			FEBRUARY			MARCH			APRIL		
	Act	Target	% of	Act	Target	% of	Act	Target	% of	Act	Target	% of
Finance												
<i>Critical Success Factor - Cash Flows</i>												
AV Collection Days	45	45	100%	45	0%	-	45	0%	-	45	0%	-
AV Vineyard Equipment Purchases	-	-	0%	-	0%	-	-	0%	-	-	0%	-
AV Vineyard Development	-	-	0%	-	0%	-	-	0%	-	-	0%	-
AV Barrel Purchases	-	-	0%	-	0%	-	-	0%	-	-	0%	-
AV Winery Equipment Purchases	-	-	0%	-	0%	-	-	0%	-	-	0%	-
Marketing and Sales												
<i>Critical Success Factor - Increasing Brand Awareness</i>												
JV Letters to Distributors	-	-	na	-	na	-	-	na	-	-	na	-
JV Letters to Trade	-	-	na	-	na	-	-	na	-	-	na	-
JV Letters to Consumer	-	-	na	-	na	-	-	na	-	-	na	-
VM Emails to Distributors	-	-	na	-	na	-	-	na	-	-	na	-
JV Emails to Trade	-	-	na	-	na	-	-	na	-	-	na	-
JV Emails to Consumer	-	-	na	-	na	-	-	na	-	-	na	-
VM Telephone Contacts to Distributors	-	-	na	-	na	-	-	na	-	-	na	-
JV Telephone Contacts to Trade	-	-	na	-	na	-	-	na	-	-	na	-
CS Events at Winery for Trade	-	-	na	-	na	-	-	na	-	-	na	-
JV Events at Winery for Reps	-	-	na	-	na	-	-	na	-	-	na	-
<i>Critical Success Factor - Consistent Message</i>												
DV # of Trainings for all employees / closing, etc.	-	-	na	-	na	-	-	na	-	-	na	-
<i>Critical Success Factor - Leverage of Reps</i>												
JV % of Depletions Reports in Top 10 Markets	0%	-	na	0%	na	0%	-	na	0%	-	na	-
JV % of Depletions Reports Analyzed	0%	-	na	0%	na	0%	-	na	0%	-	na	-
JV % of Placement Reports in Top 10 Markets	0%	-	na	0%	na	0%	-	na	0%	-	na	-
JV % of Reports Analyzed for California Market - qrtly	0%	-	na	0%	na	0%	-	na	0%	-	na	-
JV % On/Off Premise Sales Reports by Rep Analyzed - qrtly	0%	-	na	0%	na	0%	-	na	0%	-	na	-
Customers												
<i>Critical Success Factor - Increase Sales Revenue</i>												
DV % of Cases Allocated to Retail	0%	-	na	0%	na	0%	-	na	0%	-	na	-
DV % of Sales at Retail	0%	-	na	0%	na	0%	-	na	0%	-	na	-
VM Mailing List - Direct Sales	-	-	na	-	na	-	-	na	-	-	na	-
VM Mailing List - Indirect Sales	-	-	na	-	na	-	-	na	-	-	na	-
CS Wine Club - Direct Sales	-	-	na	-	na	-	-	na	-	-	na	-
CS Wine Club - Indirect Sales	-	-	na	-	na	-	-	na	-	-	na	-
CS Average Customer Sale - Retail	-	-	na	-	na	-	-	na	-	-	na	-
CS Tastings to Sales Conversion % - Retail	-	-	na	-	na	-	-	na	-	-	na	-
<i>Critical Success Factor - Hospitality</i>												
CS # of Consumers Tasting at the Winery	-	-	na	-	na	-	-	na	-	-	na	-
VM # of New Members Added to Mailing List	-	-	na	-	na	-	-	na	-	-	na	-
DV Avg Sales from Members Signed-up in Current Year	-	-	na	-	na	-	-	na	-	-	na	-
VM # of Members on Mailing List	-	-	na	-	na	-	-	na	-	-	na	-
DV Avg Sales per Member on Mailing List	-	-	na	-	na	-	-	na	-	-	na	-
VM # of New Members Added to Wine Club	-	-	na	-	na	-	-	na	-	-	na	-
VM # of Members from Wine Club	-	-	na	-	na	-	-	na	-	-	na	-
DV Avg Sales from New Wine Club Members in Current Year	-	-	na	-	na	-	-	na	-	-	na	-
CS # of Consumers Attending Event	-	-	na	-	na	-	-	na	-	-	na	-
CS Avg Sales per Consumer Attending Event	-	-	na	-	na	-	-	na	-	-	na	-
Vineyards												
<i>Consistent Grape Quality</i>												
AV Training of Crew - Pruning	-	-	na	-	na	-	-	na	-	-	na	-
AV Training of Crew - Canopy mgmt	-	-	na	-	na	-	-	na	-	-	na	-
AV Training of Crew - Training the vine	-	-	na	-	na	-	-	na	-	-	na	-
AV Quality Rating - Pruning	-	-	na	-	na	-	-	na	-	-	na	-
AV Quality Rating - Canopy mgmt	-	-	na	-	na	-	-	na	-	-	na	-
AV Quality Rating - Training the vine	-	-	na	-	na	-	-	na	-	-	na	-
<i>Labor Efficiency</i>												
AV # of Vines Pruned per Hour (by location)	-	-	na	-	na	-	-	na	-	-	na	-
AV # of Vines Tied and Trained per hour (by location)	-	-	na	-	na	-	-	na	-	-	na	-
AV Tool and Equipment Organization	-	-	na	-	na	-	-	na	-	-	na	-
Cellar												
<i>Wine Quality</i>												
AV % of Barrels Cleaned Correctly	0%	-	na	0%	na	0%	-	na	0%	-	na	-
AV Cleanliness of Cellar	-	-	na	-	na	-	-	na	-	-	na	-

Source: Scion Advisors' Best Practices

Staffing shifts at different stages



Source: Scion Advisors' Best Practices



Product Portfolio Rationalization - Example

	Total Volume	DTC channel	FOB channel	retail \$\$/case	Average GP/case	GP %sales
Pinot Noir	1000	900	100	\$ 35	\$ 279	66%
Pinot Noir	1000	600	400	\$ 28	\$ 159	47%
Chardonnay	1000	500	500	\$ 28	\$ 142	42%
Pinot Gris	1000	-	1,000	\$ 18	\$ 33	15%
Viognier	1000	-	1,000	\$ 18	\$ 33	15%
	5000	2,000	3,000			

57%

Gross Profits% sales

	Volume	DTC channel	FOB channel	retail \$\$	Average GP/case	GP %sales	Rationaization
Pinot Noir	1000	900	100	\$ 35	\$ 279	66%	
Pinot Noir	1000	600	400	\$ 31	\$ 188	50%	increase pricing
Chardonnay	1000	700	300	\$ 28	\$ 176	52%	shift channel
Pinot Gris	1000	1,000	-	\$ 18	\$ 141	65%	shift channel
Viognier	1000	1,000	-	\$ 18	\$ 141	65%	shift channel
	5000	4,200	800				

65%

Gross Profits% sales

PLUS \$250,000 in revenues

Source: Scion Advisors' Best Practices



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