



# Oregon Wine Symposium

## Charting Your Path Forward: Planning for Stability, Succession & Smart Transitions

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## Andy Steinman, Partner, Global Wine Partners & Walter Scott Wines

Andy is the Pacific NW Partner in Global Wine Partners, one of the leading U.S. Wine Industry focused Merger and Acquisition and Financial Advisory firms.

## Nick Shepherd, Partner, CPA, Irvine & Company CPAs

Nick is an entrepreneurial CPA who has mentored hundreds of businesses from inception through various growth stages. Nick specializes in tax planning and business advisory.



## Will Paustian, Financial Advisor, CFP, JGP Wealth Management

Will Paustian is a financial advisor and Certified Financial Planner® who works closely with individuals and families in the food and beverage industry — particularly winery and vineyard owners — helping them navigate the complex financial decisions that come with growth, transition, and succession.

## Randi Bural, SVP Portfolio Manager, AgWest Farm Credit

Randi Bural is the Senior Vice President - Portfolio Manager at AgWest Farm Credit, based in Salem, Oregon. Randi supervises a team of Relationship Managers and provides financing solutions for producers, processors, and wine and vineyard operators across Washington, Oregon, and California.



# Today's Topics

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1

## Transitions

Transition is inevitable for wineries and vineyards—ownership, leadership, or structure will change over time.



2

## Uncertainty

In today's uncertain market, planning requires more than just an exit strategy. Success depends on a clear understanding of financial position, goals, and available options.



3

## Theoretical Profiles

This presentation will use example profiles representing business owners with diverse financial positions and goals to help you understand your own options and think strategically about what comes next.

# How Business Valuations Work

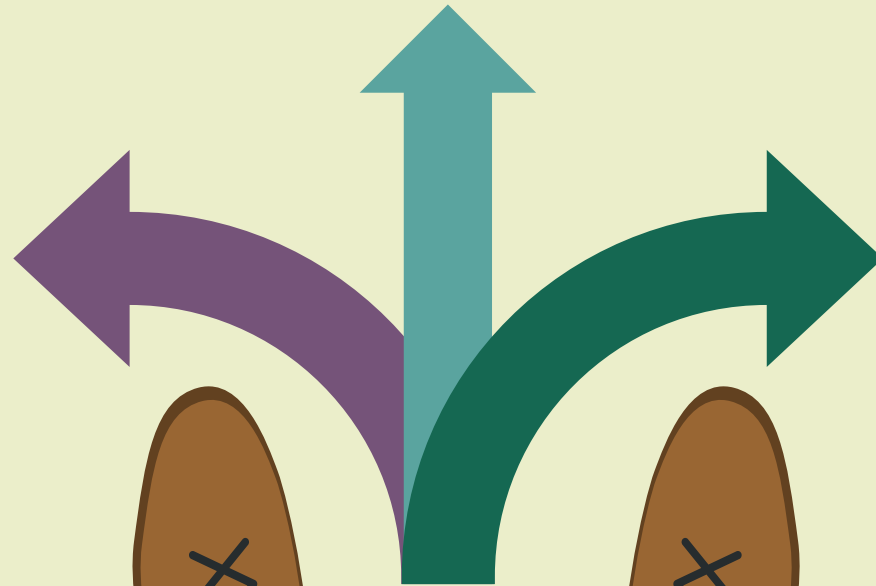
- Fundamentally what someone is willing to pay for it!
- Rule of Thumb: the greater of Asset Value or a multiple of EBITDA.
- Asset values can be subjective.
- EBITDA multiples vary based on the market conditions, specifics of the business, and how well positioned it is for an ownership transition.
- When a business is sold, it is normally sold “debt free” meaning the owner will be required to pay off debts at close.

# General Options for Ownership Transition

**Sell Business to a Third Party**

**Pass The Business on to the Next Generation**

**Wind Down the Business**



# Theoretical Vineyard / Winery Owner Profiles

Each Profile will have 3 slides

## 1

### Profile

The first slide will outline the profile, personal considerations, and net worth concentration.

## 2

### Options

The second slide will cover best options for the specific profile.

## 3

### Considerations

The third slide will discuss considerations about the profile.

# Profile Summary

Name	Profitable	Winery/Vineyard Net Worth	Other Net Worth
Money Mary	No	10%	90%
Net Worth Nate	Yes	20%	80%
Family Freddy	Yes	65%	35%
Negative Nancy	No	70%	30%
Average Joe	Yes	80%	20%

## Bio

- Mary is a successful businesswoman who decided she wanted to join the Oregon wine industry.
- Her Vineyard & Winery have been operating at a loss for the last 10 years, but Mary has plenty of outside resources to maintain them.



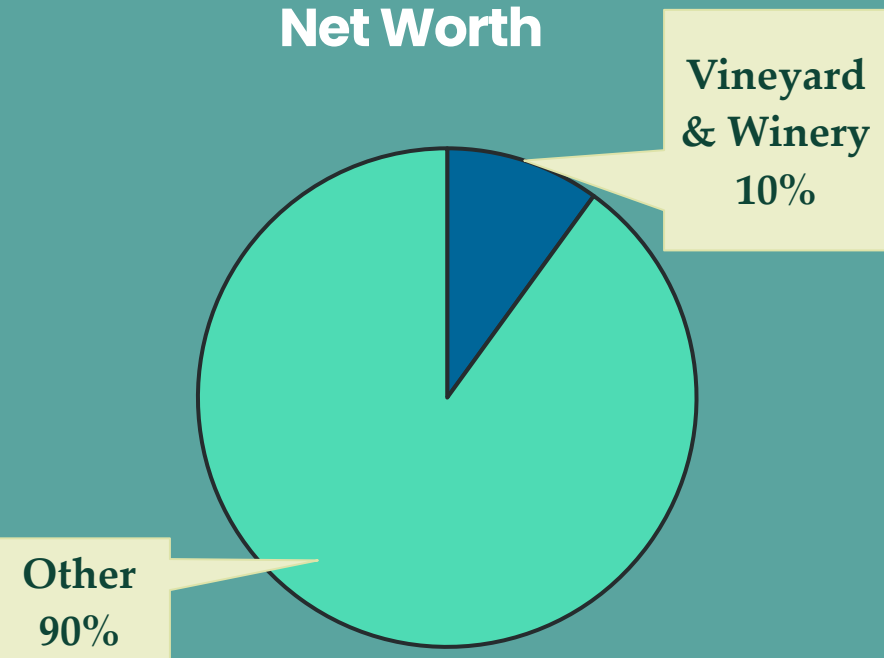
## Money Mary

 Medford, OR

 Winery / Vineyard Owner



## Net Worth



# Options

## Stay the Course:

- Mary should find a way to stop 'feeding' the business.
- Will she utilize resources from her other assets to make it work?

## Generational Transfer:

- Ask the hard questions – understand what motivates people to help you understand what they need or want
  - Her heirs may not want to fund the business if the resources are lowering their net worth. ie lowering their inheritance through operational losses.

## External Sale:

- Unlikely candidate for a sale of unprofitable business
- Professional management may be able to right-size the business

# Considerations

Generally speaking, owners run tired of 'feeding' the business after a 3-5 year time frame and then start to find a vision to profit. ie the fun ends....

If Mary desires generational transition, she needs to leave her heirs adequate resources to 'feed' the business.

- Are they of age to do so if they want to?

Lender fatigue waiting for the business to turn a profit

- Does she understand the current state of her business?

Bring in the experts Early

- Attorneys and accountants aren't just for the final paperwork – they're part of the team
- They'll help you avoid surprises later



## Bio

Nate is a high net worth individual. His holdings include a vineyard & winery, which consistently makes a modest profit.

## Net Worth Nate

 Dundee, OR

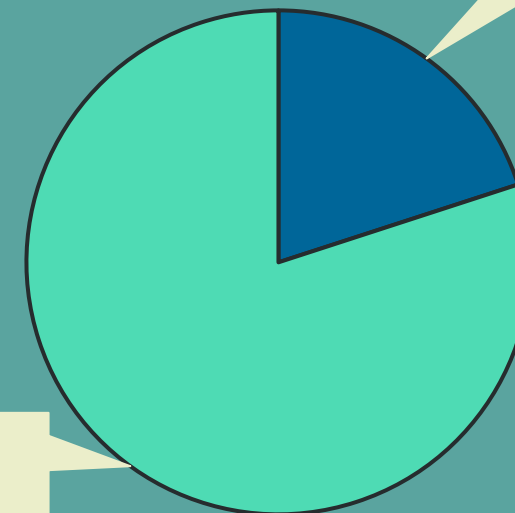
 Winery / Vineyard Owner



## Net Worth

Vineyard  
& Winery  
20%

Other  
80%



# Options

## **Stay the Course:**

- Continue to run the business
- Work to further improve profitability, enhance *optionality*

## **Generational Transfer:**

- Strong option given his outside wealth and limited reliance on proceeds from a sale

## **External Sale:**

- Also a strong option given the profitability of the business

# Considerations

## Family & Lifestyle:

- “If this weren’t my business, would my children choose this lifestyle? Is this a family asset or a family obligation?”
- “If I sold the business tomorrow, what would replace it in my life? Would that feel like freedom or loss six months later?”

## Financial Threshold & Risk:

- “What is my funding stop-loss if profitability disappears?”
- “Am I okay with a winery being a potential return drag on family wealth?”

## Control & Governance:

- “What decisions am I not emotionally capable of letting go of?”
- “If I stepped away tomorrow, would the business still make good decisions without me?”

# Considerations

## Estate & Tax Considerations:

- “If my children are likely to sell the business anyway, have I optimized the tax and valuation tradeoffs of selling during my lifetime versus after my death?”
- “How important is philanthropy? Would I prefer to be philanthropic during my lifetime or after?”
- “Is there enough liquidity outside the winery to avoid forced decisions?”
- “Am I being fair or just equal across heirs?”

**When you are sitting here three years from today, what needs to have happened for you to feel good about your progress?**

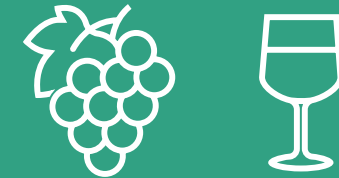
## Bio



## Family Freddy

 Newberg, OR

 Winery / Vineyard Owner

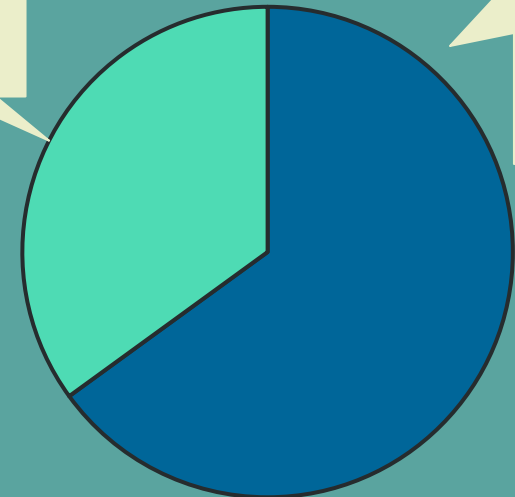


- Freddy owns and operates a Vineyard & Winery that consistently makes a modest profit.
- His family has strong generational bonds to the land and facilities. Keeping the business in the family is a priority.

## Net Worth

Other  
35%

Vineyard  
& Winery  
65%



# Options

## Generational Transfer:

- Freddy desires generational transition even if it requires significant hardship for him.
- Freddy needs to accumulate as much personal assets as possible OUTSIDE the winery to live on when the generational transfer occurs.

## Stay the Course:

- It is imperative that the business have positive cash flow, except for unusual circumstances (ie low yield years)

## External Sale:

- According to Freddy, selling the assets is not an option and considered failure

# Considerations

- Freddy is unable to accumulate adequate personal net worth outside the business.
- Freddy may perceive negatively at investors or partners.
- Family dynamics – ‘Assuming shared values’
  - Never talking about the family values, just assuming everyone knows them
  - Family succession – ‘Fair’ may not mean ‘Equal’
- If the expectation of the next generation is to pass on the asset, they may never receive much monetary benefit.
- The earlier he begins to make a plan, the more options he has – and less pressure when it’s time to make a big decision
- Create a plan, discuss it, document your plan, set goals and revisit as needed



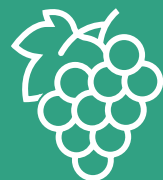
## Negative Nancy

 Carlton, OR

 Winery / Vineyard Owner

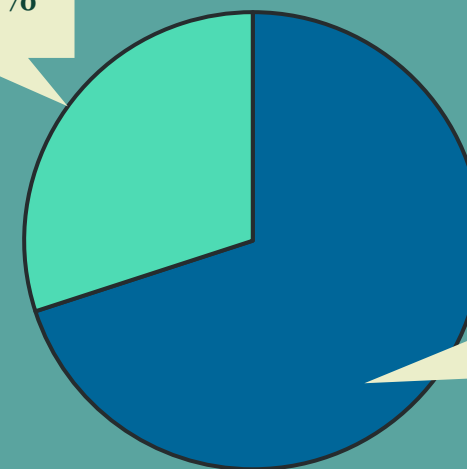
### Bio

- Nancy owns and operates a Vineyard & Winery.
- In the last 10 years, Nancy has always had a loss on the business.
- She has very little resources to keep the business going but always finds a way.



### Net Worth

Other 30%



Vineyard  
&  
Winery

# Options

## **Stay the Course:**

- Nancy is scrappy, she can likely continue to find a path to keep it going as-is
- Stop the money losing...lease the vineyard, continue to live on the property
- Create a business model to make money, no matter how painful

## **Generational Transfer:**

- Generational transition is not an option as Nancy has little net worth outside the business – her children would need to fund the losses

## **External Sale:**

- Wind it down
- Sell the business – asset sale, possibly sold in individual pieces
- Unlikely to sell as a complete enterprise

# Considerations

## **Family & Lifestyle:**

- Nancy may enjoy her lifestyle, even if it loses money
- Nancy may need to grieve that she cannot leave the business as a legacy

## **Financial Threshold & Risk:**


- As the business is losing money, Nancy may run out of liquidity if she waits too long to sell
- If Nancy has debt, the bank is likely fatigued by the relationship
- The losses could negatively impact her ability to retire, or eliminate retirement altogether as her net worth is decreasing annually.

## **Control & Governance:**

Is there a business if Nancy is not present?



## Average Joe

 Hood River, OR

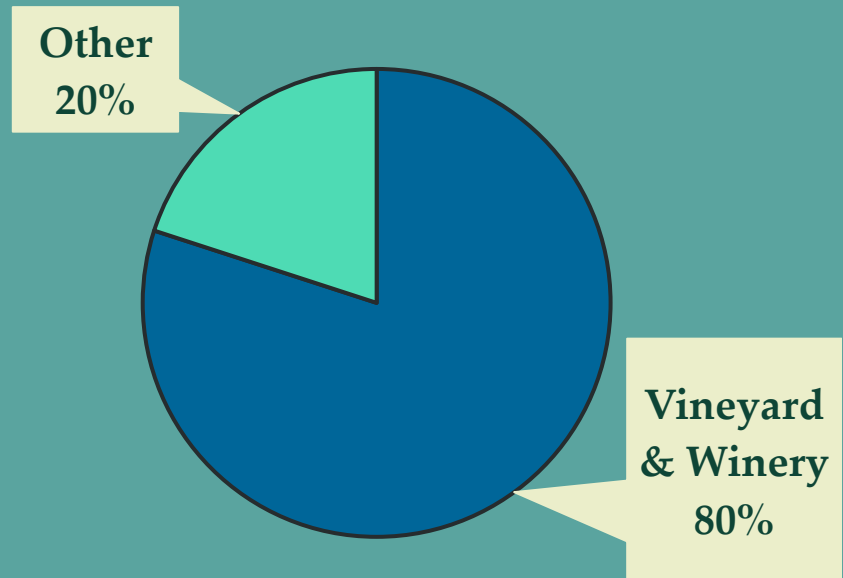
 Winery / Vineyard Owner

## Bio

- Joe has owned and operated his Vineyard & Winery Business for over 30 years.
- The business makes just enough profit to support him, his wife and their children.



## Net Worth



# Options

## **Stay the Course:**

- Since Joe is primarily dependent on the business to provide him the income he lives on, cash flow from the business is paramount.
- Joe can continue to run the business.
- Joe can work on improving profitability, giving him more options down the road.

## **Generational Transfer:**

- If Joe can improve profit ability enough to support a next generation, he can invite a family member to take over.

## **External Sale:**

- Joe can sell the business if a buyer is willing to will pay enough to maintain Joe's personal cash flow during his lifetime.
- Joe can lease the assets, becoming a landlord.

# Considerations

## Family & Lifestyle:

- There is no big upside to selling because the business is not profitable beyond providing for Joe's immediate family. Few people will be interested in "buying a job".
- Is there a next generation family member interested in carrying on the legacy?
- Is there a key employee who could become that next generation?
- The business is entirely dependent on Joe. Even if he enjoys perfect health today, things can change suddenly so regardless of what he chooses to do, Joe needs to have a contingency plan.

# Profile Recap

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# Recap of Tough Questions

- Is there enough liquidity outside the winery to avoid forced decisions?
- Am I being fair or just equal across heirs?
- When you are sitting here three years from today, what needs to have happened for you to feel good about your progress?
- Does the owner understand the current state of the business?
- If this weren't my business, would my children choose this lifestyle? Is this a family asset or a family obligation?
- Is there a key employee who could become that next generation?
- If I sold the business tomorrow, what would replace it in my life? Would that feel like freedom or loss six months later?
- Is there a business without you present?

# Conclusions

- Business is full of options and possibilities
- Profitability creates even more options
- Reach out to your advisors
- Ask tough questions