



Henry H. Jones, CPA  
Business Coach and Advisor

# Turning grapes into profit

Your guide to running a successful wine business



# An opportunity that's ripe for the picking

You make good wine.

But do you make good money from it?

We realize that making money from your winery may not be your highest priority. When we meet with winery owners, we're always impressed by how financial gain is not your priority: you're passionate about making great wine.

But you do need to sell your wine at a profit to fund your dreams (and any debt outstanding!).

So, how do you grasp the opportunity and turn around the fortunes of your wine business?

Let's break down the options for maximizing the future success of your winery.



# 1 Wine as a business opportunity

Whether you're a new start-up winery, or an established wine business, there are some key opportunities in the wine market that you should be considering.

## Wine tourism and tasting

What exactly does wine tourism entail? We're talking about the tasting, consumption and buying of great wines and encouraging the tourist industry to see your winery as a great vacation destination for the discerning wine lover.

Wine tourism is a rapidly growing sector of the U.S. economy.

Americans are increasingly becoming wine connoisseurs – according to the Wine Institute, we consumed 893 million gallons of wine in the U.S. in 2014.<sup>1</sup>

So, how do you engage with a nation of wine lovers?



Focus on the tourist trade and aim your marketing at this affluent audience.



Set up tours of your vineyards with tastings and samples of your produce.



Give clear labelling, descriptions and pricing of your wines.



Make it easy to buy your products at the end of a tour when engagement is high (and wallets may have been loosened by a few glasses of Shiraz).

<sup>1</sup> <http://www.wineinstitute.org/resources/statistics/article86>



## Wine as a business opportunity [continued...]

### Selling direct to consumers

While wine tourism and organized tastings focus on capturing consumers' business in person, there are plenty of other ways to sell your products to wine lovers direct.

*Wine Clubs* – Setting up a monthly wine club, where members pay a fixed fee to receive an assorted crate of wine, can be a great way to expand your customer base and provide some very stable cash flow to the business.

*Mailing lists and social media* – Marketing your new products to a growing following of wine consumers can really help to raise the profile of your label. Keep your customer list updated and send out regular emails promoting your wines. You can also use social media, such as Twitter or Facebook, to build up a following and increase your potential audience.

*eCommerce and online sales* – In a world where Amazon is the standard for shopping, you should be focusing on having a great website, with a really effective eCommerce section built into it. Market your wines and tasting sessions and make it easy for consumers to buy online.





## Wine as a business opportunity [continued...]

### Selling direct to restaurants and bars

A good way to improve the volume of your sales is to move the focus away from the direct consumer and to sell straight to the places where wine lovers buy their wine. If you can build some good working relationships with local wine wholesalers, specialist wine shops and nearby bars and restaurants, you can sell your product in bulk and generate some significant revenue streams into the business.

*Network with other local businesses.* Find out which ones have potential as wine customers for your winery and get to know them.

*Do your research.* Talk to local restaurants about which wines sell, how they're affected by seasonal changes and what wines work well on their menus.

*Offer special deals.* Give discounts to wine shops, bars and restaurants that buy in bulk – build these economies of scale into your business model.

*Raise your profile.* Visit as many wine-related events, conferences and seminars as possible – become known in the wine community.



## 2 The need for great financial management

As with any business, being in control of your financial management is key to making a success of your winery.

You need to understand more than, "what's in the bank right now".

You need a clear understanding of your underlying costs and overheads, what revenues you're generating and whether your current cash flow will keep the business solvent and making a clear profit.

And there are a number of challenges you'll face to do this.



**High set-up costs** – You need capital behind you to start your own winery. And that means having good access to funding and having a watertight business plan to convince investors and lenders.



**The admin burden** – Part of the day-to-day running of the winery will include the bookkeeping, record-keeping and all the associated paperwork and data entry that's required. And this takes time to do.



**Good cash flow** – Your running costs are likely to be high, so it's vital that your cash flow position covers your overheads and leaves enough cash to run, develop and grow your wine business in the future.



**Understand your business information** – To really drive the winery to new heights, you'll need a great overview of your sales, profit, growth and performance data, so good management reporting is essential.



# 3 How Henry H. Jones, CPA can help

## What do we bring to the table – other than a great bottle of wine, of course?

Henry H. Jones, CPA is an experienced firm of business advisors. And we specialize in strategic business advise for the wine industry – so we know your industry like the back of our hand.

Henry Jones, our senior partner, received his Wine Business Management Certificate from Sonoma State University in 2015. He is passionate about the wine industry and has a long-lasting interest in wine. So, you can be certain that he knows his Chardonnay from his Merlot, as much as he knows his balance sheet from his gross profit margin.

Henry is also a past President and Treasurer of the Mercer County Convention & Visitors Bureau, so he has a great understanding of the tourist industry and how tourism can be used to attract an audience and boost your business sales.

## A modern, cloud-based approach to accounting

We use Xero, beautiful online accounting software that becomes the center of your financial systems.

Xero brings you:

- ✓ Cloud-based bookkeeping and accounting.
- ✓ Fast, efficient data entry – saving you hours of admin time.
- ✓ A clear business dashboard showing all your key numbers.
- ✓ Real-time numbers – so the figures you see are current and up-to-date.
- ✓ A range of reports and performance metrics – to keep on top of the business.
- ✓ A selection of Xero Add-on plug-ins to create an entirely customized system.

## How Henry H. Jones, CPA can help [continued...]

### How we add value

We love working with our winery clients.

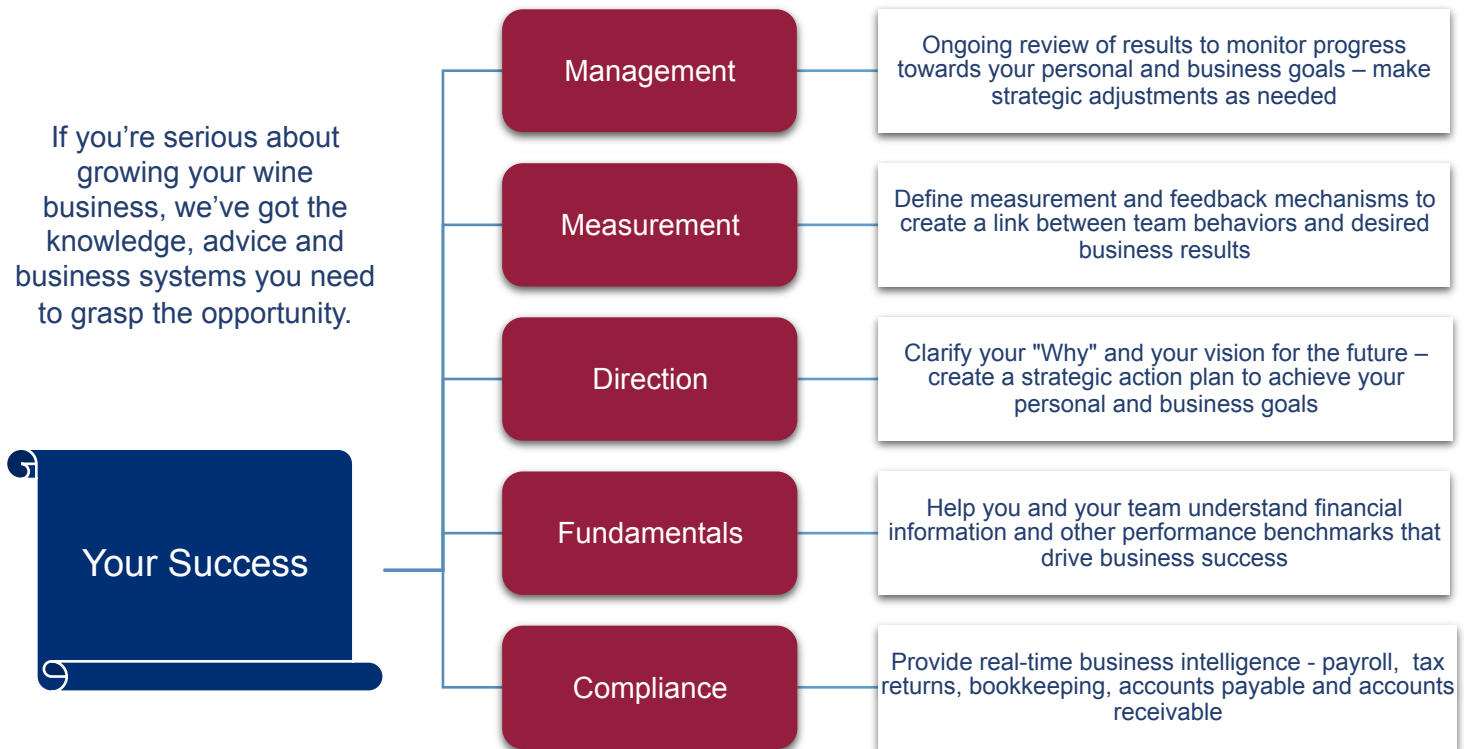
Wine is very much a passion for us, so we bring the best possible industry-specific advice to your wine business. And we believe in the power of long-term business relationships and offering a truly personal touch to our advice. As your trusted wine business advisor, we can help you with:

- Insights into the business issues associated with viticulture and winemaking
- Strategic planning when building a wine business
- Wine commerce, eCommerce and distribution models
- Supply chain management
- Wine marketing and sales – and how to boost your profits
- Setting up a cloud accounting system using Xero online accounting
- Cost analysis, quality management and value creation





## How Henry H. Jones, CPA can help [continued...]



# Get in touch

The wine industry is growing fast across the US and we'd love to help your business be a part of this emerging new market.

**[www.hhjonescpa.com](http://www.hhjonescpa.com)**

You can also email Henry at  
*[henry@hhjonescpa.com](mailto:henry@hhjonescpa.com)* or call (304) 809 0022.



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