

# **Virginia Winery Business Plan Guide**



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## **Introduction**

Virginia is currently home to over 140 wineries which are spread throughout the state. The Virginia Winery Business Plan Guide was developed to be a helpful resource for individuals to use when preparing to develop a business plan for a small to mid-sized winery.

A business plan can serve many different functions for a winery owner. The first function is that it can help the owner organize their thoughts and prepare to actually open a new winery. Secondly, a written business plan can help you plan out the direction of your winery on paper before possibly making mistakes in the real operation. Third, it can provide the owner with a written document to give a lender/investor when seeking a loan to expand a current winery or open a new winery. This written document will help to improve the owner's probability of getting a loan. Lastly, the business plan can be assessed at the end of each year to monitor how close the projections were to the actual performance. The business plan can be used to make adjustments after assessing the projections and actual performance to make the necessary changes to improve the efficiency of the winery for the following year.

This business plan guide for Virginia wineries offers:

1. Explanations of each essential component of a business plan
2. Helpful questions to consider when completing each component of the plan
3. Useful references to seek additional information, and
4. An example of a business plan for a small Virginia winery

The Virginia Winery Business Plan Guide is presented in a layout such that the finished business plan might be presented to the lender/investor. However, there is no correct order in which the business plan should be organized and it is up to the personal preference of the owner to determine the order.

The Virginia Winery Business Plan Guide consists of 14 components which should be included in your business plan. Complete each of the components when constructing your business plan, but remember to make the plan unique to your particular winery. Try to bring in new ideas which can be used to create a sustainable competitive advantage that sets your winery apart from others in the area. No two business plans are the same and they should be considered a "work in progress" or a "living document."

Lenders tend to place a strong emphasize on the executive summary, marketing plan, and financial plan of the business plan. A lender is interested in how the business will generate profits to be able to repay the money they have invested in the operation. Investors look at the executive summary, strategic plan, management structure, marketing plan, and financial plan. An investor generally is interested in when the winery will return their initial investment and how much of a return on investment they will receive. The most important part is to accurately and thoroughly develop your plan to fit the needs of your proposed winery. The components of the business plan are important for you, the owner, to understand before actually opening a winery.

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## Title Page

The title page is the first glance that the lender/investor sees of the business plan for your winery. The title page provides general contact information to the reader. A lender/investor does not want to spend extra time looking for contact information for a winery owner who is seeking funding. The title page should be attractive and limited to a single page. The following information should be included on the title page:

- Name of Winery
- Name of the Primary Owners
- Address
- Phone Number
- Email Address

Some optional items to consider including are:

- Website Address
- A graphic which could depict the wineries trademark



## Table of Contents

The table of contents provides a list of the major components of the business plan and the sub-sections which are include in each component. Page numbers should be included after each of the components and their sub-sections. The table of contents allows the reader to quickly locate the part of the business plan they are seeking. The use of tabs or dividers in the body of the business plan may help guide the reader through the plan.

## Executive Summary

The executive summary provides the lender/investor with a brief overview of the important information that will follow in your detailed business plan. The length of the executive summary is generally between one to three pages. The executive summary should be written last because it is a summary of the whole plan. Listed below are a few ideas of what type of information to include in the executive summary:

- What products or services are being offered?
- Who is the target market(s) of the winery?
- How much funding the business is seeking from the reader?
- What net profit (loss) does the winery plan to generate in the first 3 – 5 years?
- What distribution channel(s) does the winery plan on using to sell wine?
- What is the winery's sustainable competitive advantage?

## General Business and Industry Information

### Business Information

This section gives the reader an overview of why you want to establish the winery and some of the basic information about your winery. Keep this section brief because the rest of the business plan will explain it in more detail. Listed below are a few questions and documents that may be helpful when getting started writing this section:

- Why do you plan on operating a winery?
- What is the physical location of the winery?
- Provide a physical description of the property
  - Acres, zoning, buildings, and water & waste system
- Include pictures and plat maps of the location
- What products do you plan on offering to the public?
- Hours of operation of the winery
- What is the operating radius of the winery?
- History of the winery (if possible)

### Virginia Wine Industry

The second section provides information on the Virginia wine industry. It shows the lender/investor that you are aware of the structure or trends in the Virginia wine industry. In addition, it helps you be aware of what consumers in Virginia are looking for in a bottle of wine. **Tailor the description to your area.** A few questions to help get started are listed below.

- What is the history of the Virginia wine industry?
- How many wineries are there currently in Virginia, especially in your target area?
- What is the average size (in bottles, cases, or gallons) of a Virginia winery?
- Where is Virginia ranked in the United States in wine production?
- What is the average price of a bottle of Virginia wine?
- How much revenue does the Virginia wine industry generate per year?
- What types of wines are typically produced in Virginia?
- How is wine marketed in Virginia?
  - Regional focus vs. each winery on its own
- What is the future of the Virginia wine industry?
- What are the current trends in the Virginia wine industry?

References for Further Research	
Virginia Wineries Association	<a href="http://www.virginiawine.org">http://www.virginiawine.org</a>
Virginia Department of Agriculture and Consumer Services	<a href="http://vdacs.state.va.us">http://vdacs.state.va.us</a>
Virginia Wine Trails	<a href="http://www.virginiawine.org/regions">http://www.virginiawine.org/regions</a>
Virginia Tourism Corporation	<a href="http://www.virginia.org">http://www.virginia.org</a>

## United States and International Wine Industry

The final section of the General Business and Industry Information component provides industry trends about the United States and International wine industry. This section is **optional**, but it is useful to understand what is taking place in the United States and International wine industry, especially if you plan to ship wine to other states or overseas. The section makes the lender/investor aware that you researched the wine market around the world. A few questions to help get started are provided.

- What is the annual percentage increase in the number of United States wineries?
- How many wineries are currently operating in the United States?
- How much wine does the average individual consume?
- What age or income bracket typically consumes the most wine?
- How much revenue does the United States wine industry generate?
- How many people are employed by the United States wine industry?
- How does the United States wine industry compare to France? Australia?
- What is the future of the United States and International wine industry?

Providing charts and tables for the Virginia wine industry and the United States and International wine industry sections of the business plan helps the reader to understand all of the trends.

References for Further Research	
National Wine and Grape Initiative	<a href="http://www.nwgi.org">http://www.nwgi.org</a>
Wine America	<a href="http://www.wineamerica.org">http://www.wineamerica.org</a>
Wine Institute	<a href="http://www.wineinstitute.org">http://www.wineinstitute.org</a>
Wines and Vines Magazine	
Vineyard and Winery Management Magazine	

## Strategic Plan

### Mission Statement

The mission statement helps give direction to the owner and it helps with making decisions in the future. The importance of a mission statement is to provide the lender/ investor with the primary purpose of opening a winery. A typical mission statement is generally five sentences or less. The mission statement should address the four following questions:

1. What type of product or service is the business plan is providing to the public?
2. How the owner(s) of the winery plan on providing the service or products to the public?
3. To whom will the winery provide the product or service?
4. How will the local economy prosper from the addition of the winery?

### Goals

Goals are important to determine the vision of your winery in the future. These goals should be specific, measurable, attainable, realistic, and timed (SMART). Goals are always changing, but by writing them down you can assess the progress of your winery and plan ahead. Goals should be separated into short, intermediate, and long term. **Short term** goals are those that you want to obtain within the first year of operation. Short term goals are typically more detailed and specific. **Intermediate term** goals are those that you wish to obtain from one to five years of operation. Finally, **long term goals** tend to be more flexible and they are helpful in determining the future direction of the winery from the end of year five throughout the rest of the life of the winery.

## Legal and Institutional Plan

### Legal Organization of the Winery

The legal organization section of a business plan provides a description of the type of legal organization under which the winery plans to operate. Consult a **local attorney** to help in setting up and determining which form of legal organization is best for your business. The following is a short description of five types of legal organizations which are permitted in the state of Virginia to help you understand each type before meeting with a local attorney.

#### **Sole Proprietorship:**

A sole proprietorship is the easiest form of legal organization to establish. A sole proprietor assumes all of the liability on a personal level. The sole proprietor completes an income statement (Schedule C) and they are taxed at the individual's income tax rate. The earnings of the business are subject to self-employment tax (Schedule SE). The business is dissolved when the owner dies, retires, or goes out of business.

#### **Partnership:**

A partnership is a group of two or more individuals who are co-owners of a business. A partnership should develop a partnership agreement that discusses how issues should be handled among the owners of the business. For tax purposes, each partner is taxed in the same way as a sole proprietorship. A partnership is typically non-transferable unless otherwise specified in the partnership agreement. There are two separate types of partners which can exist in a partnership.

1. General partners –perform daily operations of the business and have unlimited liability
2. Limited partners – cannot take part in daily operations of the business and have a limited amount of liability

#### **“C” Corporation:**

The third form of legal organization is a “C” Corporation. This form requires more legal paper work and assistance than a sole proprietorship or partnership. A “C” corporation is taxed as a separate entity and allows the owners to have somewhat of a limited liability in the business. Ownership is generally transferred through the sale or gifting of shares in the business. However, the business is taxed on its profits and the shareholders are taxed on dividends which may create “double taxation” for the corporation.

#### **“S” Corporation:**

The next form of organization is an “S” Corporation which is very similar to a “C” corporation except that the earnings of the business are taxed at the individual tax rates. There are a few obligations to meet to be an “S” corporation which are:

- Offer only one class of stock
- Have 35 or fewer stockholders
- Obtain no more than 25 percent of revenue from investments

### Limited Liability Company:

The final form of organization is a limited liability company (LLC) which is a combination of a corporation and a partnership. An LLC is set up as a separate entity, but the profit (loss) flows through to the owners. The owners are personally taxed on the profits (losses) of the company. An LLC provides limited liability for the owners and it is organized under a board of directors. However, an LLC is non-transferable and it may take more paperwork to set up than a partnership or corporation.

In your actual business plan provide a brief description of the type of legal organization that you chose for your winery and a few reasons why you chose this form of organization.

References for Further Research
Dollinger, Marc J. <i>Entrepreneurship: Strategies and Resources 4th Edition</i> . Lomard, Illinois: Marsh Publications , 2008. pp 282 – 285.
Katz, Jerome and Richard Green. <i>Entrepreneurial Small Business 2nd Edition</i> . New York, New York: McGraw-Hill Irvin, 2007. pp. 593 – 598.
Local Attorney's Office

### Licenses, Taxes, & Fees

There are various types of licenses and fees associated with establishing a winery. Obtaining all of the correct licenses for your winery business is **very important**. Typically, wineries research all of the necessary licenses before developing the whole business plan. The licenses can determine what events can take place at the winery based on the amount of land and the location. The costs associated with licensing a winery should be included in the financials section, as well as this section. The following is a brief list of the important local, state, and federal licenses that should be considered before establishing a new winery or expanding an existing winery.

#### Business License (Local)

When planning to establish a new winery, the owner(s) should determine if he/she needs to obtain a business license. A business license varies from county to county, as well as independent cities throughout the state. Some localities do not require a business license. The cost of obtaining the business license also varies depending on where your business is located. The website from the Virginia Department of Business Assistance provides a link to each of the independent cities and counties in the state of Virginia.

Virginia Department of Business Assistance

<http://www.dba.state.va.us/licenses>

#### Virginia ABC Department Winery Licenses (State)

Winery owners need to check with the Alcoholic Beverage Control Department to obtain all the needed licenses and tax forms before beginning to operate a winery and sell wine. To keep up with changes and pricing of the ABC Department licenses contact the department at:

Virginia Department of Alcoholic Beverage Control

P.O. Box 27491

Richmond, VA 23261-7491

Central Office Main Number: (804) 213-4400

ABC Information Line: (800) 552-3200

TDD Local for the Hearing Impaired: (804) 213-4687

<http://www.abc.state.va.us>

Important factors that determine the fees set by the Virginia ABC Department are:

1. Total cases produced per year?
2. Amount of wine grapes grown by the winery which are used in wine production? (Farm Winery classification)
3. Type of distribution or sales channels used?
4. Types of events taking place at the winery?

### **Alcohol and Tobacco Tax and Trade Bureau (Federal)**

When establishing a winery, various forms need to be completed with the Alcohol and Tobacco Tax and Trade Bureau. The Bureau has developed an interactive seminar listed on the website below to help you fill out the correct forms. The seminar provides information on the federal excise taxes, wine bonds, labeling of wine, and etc. Be sure to complete the whole seminar before developing the complete business plan. Include the cost associated of registering with the TTB in the financials component of the business plan and attach the forms in the appendix.

<http://www.ttb.gov/wine-resource-tool/wine-section-menu.htm>

#### *General Contact Information*

Email: [ttbquestion@ttb.treas.gov](mailto:ttbquestion@ttb.treas.gov)

Telephone: (202) 927-5000

Fax: (202) 927-5611

Alcohol and Tobacco Tax and Trade Bureau

Public Information Officer

1310 G Street, NW. Suite 300

Washington, D.C. 20220

<b>References for Further Research</b>
Alcohol and Tobacco Tax and Trade Bureau – <a href="http://www.ttb.gov/wine/forms.shtml">www.ttb.gov/wine/forms.shtml</a>

### **Laws and Regulations**

The Virginia wine industry is currently facing changes in laws and regulations due to acts that are being introduced to the Virginia General Assembly and the United States Congress. Laws and regulations regulate what type of events your winery can host and what avenues can be used when selling wine in local, state, national, and international markets. Listed below are some of the current laws and regulations that are affecting the wine industry. Be sure to keep **up-to-date** on all of the laws and regulations as your winery continues to expand and as they typically change from one year to the next.

#### **Self-Distribution Law**

In the spring of 2006, the Virginia General Assembly struck down the bill which allows a winery to act a distributor and self-distribute wine to restaurants or local shops. Wineries have to utilize the three-tier system which is set-up to distribute wine from the winery →wholesaler→retailer. Small wineries are unable to justify using this distribution system and still generate the needed profits to operate. Check with the Virginia Wineries Association to keep up-to-date with the self-distribution law.

**Land Use and Zoning Regulations:**

Each county/town places different regulations on land use and zoning. Be sure to take the time to talk to a representative at the local planning or zoning office to check the regulations in the area where you plan to open the winery. This can prevent costly and timely interruptions down the road.

Local County/Town Government Center:  
Planning and/or Zoning office

**Health Inspection Regulations:**

Winery owners need to contact the Virginia Department of Health (VDH) if you plan on serving or preparing food at the winery. There are various health inspections offices around the state which can be found on the VDH website. Contact your local office before building a food preparation facility to check for all of the specific requirements. Health inspection regulations for your area can also be found on the following website.

Virginia Department of Health  
<http://www.healthspace.ca/vdh>  
Questions and Comments  
Email: [gary.hagy@vdh.virginia.gov](mailto:gary.hagy@vdh.virginia.gov)

**Building Code and Construction Regulations:**

Construction of a new building requires a building permit which needs to comply with state and local regulations. For more information on building code and construction regulations see below.

Virginia Department of Housing and Community Development  
Division of Building and Fire Regulation  
501 North Second Street  
Richmond, Virginia 23219-1321  
(804) 371-7160  
<http://www.dhcd.virginia.gov/StateBuildingCodesandRegulations>

**Other Laws and Regulations to Consider:**

- Conservation Easements
- Disposal of Waste Water
- Disposal of Waste Products
- Immigration Laws

References for Further Research	
Virginia Wineries Association Wines and Vines Directory/Buyers Guide	<a href="http://www.virginiawine.org/news">http://www.virginiawine.org/news</a>

## General Winery Risks

The General Winery Risks section of the business plan provides a list of perils that your winery could experience during operation. The importance of this section is to let the lender/investor know that you are aware of the risks that may happen at your winery which are out of your control. To protect against unexpected winery risks, build a cushion into your financials and purchase an adequate amount of insurance coverage.

Provide the type of risk that your winery faces and a brief explanation on how your winery will combat the risk. Listed below are few general winery risks which your winery may experience.

Wine Quality – What if the finished wine product becomes spoiled or rancid. Can you find an alternate use for the product to bring in revenue? (eq. vinegar sales)

Operational Risk – What if an important piece of machinery or equipment breaks down during harvest season. Can you lease or purchase a new piece of machinery to finish the season?

Human Risk – What if the winemaker leaves in the middle of production. Can you find a new winemaker with the same experience in time to finish the production?

Regulatory Risk – What if stricter regulation is passed which prevents the sale of wine to retail customers. Can you adapt to the new changes?

Legal Risk – What if the winery sells a product which harms a customer. Do you have enough liability insurance coverage to continue operating the winery?

Commodity Prices – If your winery is purchasing grapes from surrounding wineries, how will an increase in grape prices effect your net income?

### Other Risks to Consider:

Information Risk

Casualty Risk

Liquidity Risk

Market Risk

Credit Risk

Reputation Risk

Interest Rates

References for Further Research
McCleary, Ken W. and Kyuho Lee. <i>Problems, Policies, and Marketing Practices of Virginia Wineries</i> . Cognizant, 2007.
Wines and Vines Magazine

## Insurance

Insurance is the next section of the legal and institutional plan component of a business plan. When looking for insurance for your winery, be sure to check the insurance quotes of 2 – 3 different companies before making a decision. Be sure to purchase **only** the insurance coverages that pertain to **your** particular winery. Listed below are the main coverages that you need and other additional coverages you may want to purchase.

### Property Coverage –

What is covered?

- Covers buildings utilized for processing and warehousing, offices and tasting rooms
- Newly constructed buildings
- Improvements and betterments
- Private power and light poles
- Outdoor radio and TV equipment
- Portable buildings and portable structures
- Dwellings, garages, fences or service buildings incidental to your winery

### Liability Coverage –

What can be included in this coverage?

- Basic and Comprehensive liability coverage for bodily injury and property damage
- Liability for personal injury and advertising injury
- Product Liability
- Fire Legal Liability
- Liquor Liability
- Chemical Drift
- Personal Liability for sole proprietors

### Worker's Compensation Coverage –

What is it?

Money and health benefits to cover employees who are injured on the job

Who must have it?

Any business that employs three or more full-time, part-time, or working family employees

Where can I obtain it?

Worker's Compensation can be purchased from your local insurance agent

### **Optional Coverages to Consider Depending on your Operation**

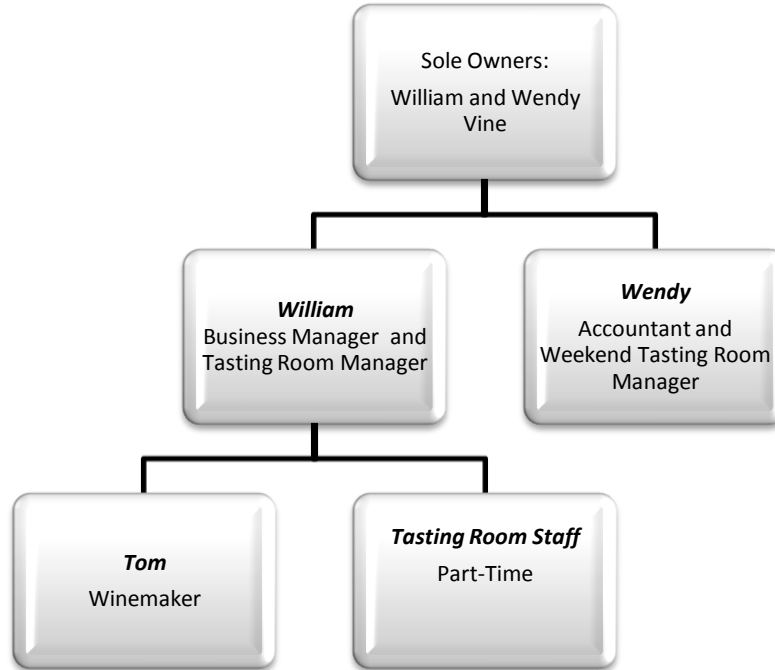
- Wine while stored off-premises
- Special events
- High-valued dwelling coverage
- Fine arts
- Business income and extra expense
- Valuable papers and records
- Directors and officers liability
- Identity fraud expense reimbursement
- Commercial auto
- Excess wine stored for others
- Computer/Electronic data processing equipment
- Equipment breakdown
- Accounts receivable
- Money and securities
- Crime, fidelity
- Utility services
- Employee practices

References for Further Research	
Virginia Worker's Compensation	<a href="http://www.workerscompensation.com/regulations/reference/content.php?id=10898&amp;state=virginia&amp;category=ER">http://www.workerscompensation.com/regulations/reference/content.php?id=10898&amp;state=virginia&amp;category=ER</a>
Local Insurance Agent	

# Management Plan

## Organizational Chart

The organizational chart is a graphic which explains the “chain of command” in the winery. The chart should include the name(s), job position(s), and the percentage of ownership of the owner(s) or investor(s). This chart offers a visual picture of each of the owner/investor before the reader gets into the details of each of them.



## Job Description

The second section should provide a job description of the responsibilities of each of the members of the management team will perform. Lenders and investors look at the management structure to determine how successful the team will be when working together and to be sure that all job responsibilities have been accounted for. A resume of each person’s past work experience should also be included the appendix of the business plan.

## Management Cost Estimate

The final section of a management plan is a management cost estimate. The management cost estimate will help the owners of the winery to understand all the costs associated with hiring full-time managers in the business. There are state and federal taxes on employees, as well as workers compensation benefits that increase the actual cost of a management employee. See Appendix E for a management cost estimate worksheet.

References for Further Research
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Thach, Liz and Tim Matz. <i>Wine: A Global Business First Edition</i> . Elmsford, New York: Miranda Press, 2004. pp. 170 – 182.
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## Operations Staff Plan

The operations staff plan component of the business plan should be broken down into separate parts depending on the different positions that the winery has available. Examples of positions are wine sales staff, tasting room staff, winemaking staff, wholesaling staff, and events planning staff. The operations staff includes anyone that is not in charge of a separate division of the winery.

### Job Description

The job description provides a written description of the typical daily tasks and responsibilities of each separate position. The importance of a job description is to form a set of guidelines for the staff to follow if the owner or manager is unable to be present during daily hours of operation. The importance of this section is that it shows the lender/investor that the business will continue to operate and generate income if the owner(s) or manager(s) are unable to attend work on a given day.

### Employee Benefits Package

The employee benefits package section of the business plan should provide what types of benefits the employees of the business will receive. Offering employee benefits makes it easier for the winery to hire and retain highly qualified winery employees. Some typical benefits include:

- a. Winery Discounts –
  - i. Offer discounts to employees on wine and winery merchandise to promote your winery
- b. Group Health Insurance Plans –
  - i. Pros: Typically employers can deduct premium payments from taxes of business and generally lower premiums than individual plans
  - ii. Cons: Higher insurance costs to the business
- c. SEP & SIMPLE IRA Plans– Retirement savings plans for small businesses
  - i. Pros: Tax deductions for the business for contributions and easy to establish
  - ii. Cons: Higher employee costs to employer
- d. Uniform Service
  - i. Winery purchases uniforms or customized shirts for employees to wear during work hours which help to promote business
- e. Company Vehicle
  - i. Use of company vehicle during and/or after work hours

### Operations Staff Estimate

The operations staff estimate section of the business plan provides the actual cost of hiring an employee at the winery. The operations staff estimate takes into account the costs which increase the hourly wage for the employee such as social security, federal and state taxes, worker's compensation, and etc. The importance of this section is to show the lender/investor that you are aware of the actual costs of hiring a new employee. See Appendix F for a labor cost estimate.

## Scheduling

The scheduling section of the business plan provides a timesheet of when each employee of your winery will be working. When determining your hours of operation, make sure that you will be able to employ enough employees to operate the winery. The lender/investor wants to see the scheduling worksheet of your winery to determine if will have enough employees to work during your hours of operation to be able to still generate a profit.

References for Further Research	
Thach, Liz and Tim Matz. <i>Wine: A Global Business First Edition</i> . Elmsford, New York: Miranda Press, 2004. pp. 170 – 182	
Small Business Retirement Plans	<a href="http://www.irs.gov/pub/irs-pdf/p560.pdf">http://www.irs.gov/pub/irs-pdf/p560.pdf</a>

## Plan of Operations

The plan of operations component of a business plan guide provides the lender/investor with a description of how your winery will operate on a daily basis. The reader may not be aware of how a winery operates, so try to not get into much detail to confuse the reader or use too much industry jargon which they may not understand.

### Timeline

- Provide a flow chart on the major events which will occur during opening of the winery
  - Construction date, date of first wine processing, first bottling date, and/or opening date of winery

### Hours of Operation

- What will be your winery's hours of operation
- What is the reasoning behind your hours of operation?
  - Seasonal or peak days of the week

### Suppliers

- Where will you get the grapes for wine production?
- Who will you order your wine equipment and supplies from?
  - Bottles, Corks, Capsules, and Etc.

### Production Process

- Will the winery use a custom crush facility?
- What is involved in the process of making red wine?
- What is involved in the process of making white wine?
- What is involved in the process of making dessert wine?

### Bottling and Labeling Process

- How will you bottle the finished wine?
- What method will you use to cork the bottled wine?
- What method will you use in labeling the finished product?
- Will the winery personally own bottling equipment or lease equipment?

### Storage Process

- Where will storage of finished wine take place?
- How will you manage inventory of the wine over time?

### Waste Management Process

- What will you do with the grape byproducts (must, seeds, and skins)?
- How will you dispose of rancid or spoiled wine?

References for Further Research
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## Marketing Plan

### Product

The first section of the marketing component is the product. The product section should give a description of the types of wine that your winery plans to sell. The lender/investor will generally ask why you choose to produce these types of wines. Be sure to research the market to determine how similar products are currently selling.

#### Product:

- What types of wine will your winery produce?
- Provide a three-year forecast of wine production by case?
- Will the winery produce any special blends of wine?
- What other merchandise will the winery sell?
  - Wine glasses, shirts, and etc.

#### Bottle:

- What type of bottle will the winery use to sell the finished product?
  - Choose the color of glass
    - Green, Brown, White, Blue, and etc.
  - Size of the bottle
    - 325 ml, 750 ml, 1.5 L
  - Style of the bottle
    - Burgundy, Bordeaux, and etc.

#### Closure:

- What type of closure will you use?
  - Traditional cork, Synthetic cork, or Screw Cap

#### Capsule:

- What type of capsule will you use?
  - Aluminum Foil, Plastic, or No Foil

#### Wine Carriers:

- What type of wine carriers will you use to sell the finished product?
  - Paper wine bags
  - Cardboard wine carriers
  - Wooden wine boxes
- Will the any of the packaging be customized?
  - Name of winery on the cork or wine carrier
  - Seasonal greetings

Develop a chart of each type of wine and the type of cork, bottle, and etc. will be used to include in the business plan. Providing a chart on each type of wine will help the winery owner(s) take time to carefully consider the products used.

Cabernet Franc	
2010	
Item	Type of Item
Bottle	W 5 Flint 750 ml
Closure	Synthetic Cork
Capsule	Plastic Metallic Green Colored

#### References for Further Research

Thach, Liz and Tim Matz. *Wine: A Global Business First Edition*. Elmsford, New York: Miranda Press, 2004. p. 53

## Target Market

The target market section of a business plan is designed to directly specify the particular group(s) of individuals that your winery plans to attract. A winery could have a primary and secondary target market depending on the distribution channel(s) that the winery chooses to sell the finished product. First, list out the demographics of the area where the winery will be located and sell the wine.

### Demographics

- Population
- Household Income
- Education Level
- Number of wineries in your area

Use the Virginia wine industry trends and demographics to create a customer profile for each of your target markets. The customer profile should provide a brief description of the typical customer(s) in each of your target markets. A customer profile could address the following topics:

Customer Profile	
Age	21-34
Gender	Male and Female
Education	Associates Degree and above
Location	Augusta and Rockingham County
Interests	Hanging out and socializing with friends Taking a break from school or work
Income Range	\$20000 - \$50000
Best way to connect	Radio – 93.7 fm, 100.7 fm, 104.3 fm, and 95.5 fm Social Network – Facebook© Website – Virginia Wineries Association
Wine Preferences	Sweet to Semi - Sweet
Wine Consumption	2 - 3 bottle per month
Potential Customer Base	41,672
Market Share (1%)	416

References for Further Research	
Adams, Christopher Blaine. "Profile Analysis of Regional Variations Among Virginia Winery Visitors." <i>University Libraries, Virginia Polytechnic and State University</i> . 2001. <a href="http://scholar.lib.vt.edu/theses/available/etd-08072001-114625">http://scholar.lib.vt.edu/theses/available/etd-08072001-114625</a>	
Thach, Liz and Tim Matz. <i>Wine: A Global Business First Edition</i> . Elmsford, New York: Miranda Press, 2004. pp. 92 – 99.	
Virginia Wineries Association	<a href="http://www.virginiawine.org">http://www.virginiawine.org</a>
Wine America	<a href="http://www.wineamerica.org">http://www.wineamerica.org</a>
Wine Institute	<a href="http://www.wineinstitute.org">http://www.wineinstitute.org</a>
Bureau of Labor Statistics	<a href="http://www.bls.gov">http://www.bls.gov</a>
US Census Bureau	<a href="http://www.census.gov">http://www.census.gov</a>
US Census Bureau Fact Finder	<a href="http://factfinder.census.gov">http://factfinder.census.gov</a>
Wine Market Council	<a href="http://www.winemarketcouncil.com">http://www.winemarketcouncil.com</a>

## Competitive Analysis

The competitive analysis section of the marketing plan describes each of the wineries and other retail outlets that sell wine in your target area. Direct competitors are wineries in your area that produce similar types of wine and are generally the same size. Indirect competitors are large wineries, wine retail outlets, and restaurants that sell wine products in your area and compete for the same market. In order to gather information about your competitors you can visit the operation or research them on the internet.

Name of Winery or Store	
Address	
Hours of Operation	
Direct or Indirect Competitor	
Products Offered And Prices	Whites: Reds: Dessert:
Distribution Channels	
Website Critique	
Wine Club(s)	
Wine Events	
Wine Trail (s)	
Tour or Tasting Fees	
Shipping Destinations	
Other Comments	

## SWOT Analysis

The SWOT Analysis section of the business plan is an analysis that compares your winery to the competitors in your market. This analysis gives the reader a perspective of how well the winery owners did at accessing the wine market. There are four components of the analysis which are as follows.

**Strengths** are characteristics that your winery has over other competitors in the market (brand awareness, reputation, location, & etc.)

**Weaknesses** are characteristics that your winery does not have over other competitors in the market but they can be used as new opportunities in the future (reputation, location, experience, knowledge of wine industry, & etc.)

**Opportunities** are possibilities that your winery could implement in the future to improve the profitability of your winery (new market assess, new wine varieties, new events, & etc.)

**Threats** are factors that affect the winery which are out of control of the winery owner's control (new competitors, regulations, laws, & etc.)

### References for Further Research

Katz, Jerome and Richard Green. *Entrepreneurial Small Business 2nd Edition*. New York, New York: McGraw-Hill Irvin, 2007. pp. 182 – 185.

## Price

The pricing section of the business plan seeks to provide what price the winery will set for each different type of wine or product offered. Pricing your products is not scientific, but more of an art. Prices are subject to change depending on various conditions. Understanding all of the costs of producing a bottle of wine will help you to determine what price to choose to generate a profit. A cost per bottle worksheet is included in Appendix D to help determine all of costs of producing each variety of wine. Listed below are a few general types of pricing strategies which are commonly used.

1. Competitive pricing – setting your wine prices similar to competitors in your area
2. Prestige pricing – pricing your products above the competitors' prices to attract high income customers
3. Penetration pricing – setting your price close to cost per bottle to quickly gain market share
4. Cost markup pricing – setting your price based on a certain percentage above your cost per bottle

## Promotion

The promotion section consists of how you plan to make your winery and products **visible** to the public. There are thousands of different wines to choose from, so making your winery visible is very important. **Focus** on promoting your wine products to the **target markets** that you have defined above. Promotion has five general categories to consider:

Advertising – any paid form of promotion that provides the consumer with information about your winery. (Eg. TV ads, magazine articles, and websites)

**Pros:**

- Media reaches a large audience
- Control over what is included in advertisement

**Cons:**

- Typically expensive
- Hard to evaluate effectiveness of advertisement

Direct Mailing – any form of promotion where the winery directly sends or contacts individual consumers. (Eg. wine club newsletters and wine club emails)

**Pros:**

- Ability to focus on target market
- Helps build a loyal customer base

**Cons:**

- Costly to print and distribute media
- Consumers are sometimes put off by direct mail

Sales Promotion – providing incentives for customers to purchase your wine and wine products. (Eg. case club and wine club discounts)

**Pros:**

- Attracts repeat customers
- Customers purchase larger quantities at one time

**Cons:**

- Expensive to maintain sales force and offer incentives
- Customers become price sensitive instead of loyal to your winery

Personal Selling – face-to-face interaction between winery staff and winery customers to promote your wine. (Eg. tasting room staff and wine events staff)

**Pros:**

- Personal contact with customers
- Ability to personally answer questions

**Cons:**

- Expensive training costs to educate staff
- High labor costs to maintain operations staff

Public Relations/Publicity – a form of promotion that promotes the winery or wine products which is free. (Eg. Newspaper article on a wine event and an article on wine competition results)

**Pros:**

- No cost associated with promotion
- Promotion generally from unbiased source

**Cons:**

- No control over what is included in article
- Article could have a negative effect on winery

There are several different ways to promote your winery. Think outside-of-the-box when coming up with ways to make your product visible to the public, **but keep your target markets in mind**. Listed below are some ways to promote wine products which are sponsored by Virginia associations and companies.

Virginia Wineries Association Website

**Pros:**

- High visibility to a diverse audience
- Display information on website about winery and wine events
- Included in Virginia Wine Guide

**Cons:**

- Annual Membership Fees
- Ability to calculate return on sales which are generated through promotion

Regional Wine Trails and Association Websites

**Pros:**

- Ability to vote on current issues in your area
- Promotional products available to winery

**Cons:**

- Annual Membership Fees

Virginia Wine Lover Magazine

**Pros:**

- Focused on promoting wineries and their wine products
- Distributed quarterly to over 80,000 citizens of the commonwealth

**Cons:**

- Advertising costs
- Low profit return per citizen reached due to large market

When deciding which avenues to use to make your wine visible to the public, develop a **promotional budget** which lists all of the start-up and monthly fees associated with each type of promotion you plan to use. Focus on promoting to your target audience and look at the promotional expenses as an investment to increase your sales. Research the avenues to determine costs before making your final decision.

Promotion			
2010			
Type of Promotion	Objective	Start-up Costs	Annual Costs
Virginia Wineries Association	Membership	\$ -	\$ 300.00
Winery Website	Attract Generation "Y"	\$ 3,500.00	\$ 375.00
Shenandoah Valley Wineries Assoc.		\$ -	\$ 150.00
Wine Club eNewsletter		\$ -	\$ -
Winery Entrance Sign		\$ 1,500.00	\$ -
Virginia Logos Inc. Signs	Mainline Sign Bridgewater Exit	\$ -	\$ 1,000.00
Virginia Logos Inc. Signs	Trailblazer Business Logo (3)	\$ -	\$ 450.00
Virginia Logos Inc. Signs	Mainline Sign Staunton Exit	\$ -	\$ 1,000.00
Virginia Logos Inc. Signs	Trailblazer Business Logo (3)	\$ -	\$ 450.00
<b>Total Costs</b>		<b>\$ 5,000.00</b>	<b>\$ 3,725.00</b>

**References for Further Research**

Thach, Liz and Tim Matz. *Wine: A Global Business First Edition*. Elmsford, New York: Miranda Press, 2004. pp. 84 – 90.

## **Place**

The place section of a business plan explains the different channels of distribution that the winery plans on using. The various channels of distribution which are permitted in Virginia are listed below along with a description. Each channel provides a different range of profit potential for the winery. A lender/investor looks over the distribution channels to offer suggestions from previous wineries that have succeeded or failed through their channel(s) of distribution.

### **Retail Sales (On-Premise):**

Retail (On-Premise) is the sale of wine that takes place at the actual winery. A retail (on-premise) sale consists of wine tastings, wine events, and other events that take place at the location of the winery. However, there is an increase in the marketing costs to attract customers to the actual winery and an increase in operations staff costs because of the longer hours of operation.

### **Retail (Off-Premise):**

Retail (Off-Premise) is the sale of wine that takes place at wine festivals and other events in which the tasting room staff travels a location away from the physical location of the winery to sell wine at retail prices. This type of sale generally incurs higher transportation costs and an event usage fee which cut down on the return generated from the event. However, this type of event brings wine connoisseurs to one central location to sample wines from various wineries. When considering which off-premise events to attend consider if you will be reaching your target market and achieving profitability through exposure at the event.

### **Wholesale:**

The wholesale distribution channel is a method where the winery sells the wine to a wholesaler. The wholesaler is responsible for getting the wine to a retailer. A wine wholesaler typically offers to purchase the wine from the winery for 2/3 of the retail value. The wholesaler now assumes the risk of marketing and selling the product at their own cost. Larger wineries can operate their own wholesale operation or contract out an independent wholesaler, but smaller wineries cannot justify the additional costs. Therefore, Virginia has recently created the Virginia Wine Distribution Company (VWDC) which offers a wholesale operation at a lower rate. More information can be found on the website:

<http://www.vdacs.virginia.gov/news/releases-a/041808vwdc.shtml>.

### **Internet:**

The internet is greatly increasing the exposure of Virginia wineries and their options of selling wine. Provided below is information to consider before determining to use the internet distribution channel.

- Obtain a shipping license from Virginia ABC department
- Keeping track of sales and excise taxes
- Additional website costs to allow for
  - Credit card payment option
  - Overview of available wine
- Limit on customer's purchase at one time
- Carrier costs to deliver wine
- Liability of shipping to an individual under 21

More information on Virginia's state shipping laws can be found at the website below

<http://wineinstitute.shipcompliant.com/StateDetail.aspx?StateId=40>

Describe which channels the winery plans to use to distribute your wine in the business plan. Also, develop a distribution chart which estimates what percentage of your wine that you plan through each channel.

Projected Sales at Distribution Channels in Percentage of Wine Production			
	2010	2011	2012
Retail(On-Premise)	96%	88%	83%
Retail (Off-Premise)	0%	1%	2%
Internet	1%	4%	6%
Promotional Use	3%	7%	9%
Gross Sales	100%	100%	100%

References for Further Research
Moulton, Kirby and James Lapsley. <i>Successful Wine Marketing</i> . Aspen Publication, 2001.
Thach, Liz and Tim Matz. <i>Wine: A Global Business First Edition</i> . Elmsford, New York: Miranda Press, 2004. pp. 102 – 119.

### Communication Plan

The communication plan explains how the winery will communicate with your surrounding neighbors. Since wineries are typically located in agricultural zoned districts, hosting special events and retail business at the winery can disrupt the neighbors’ lifestyle. Therefore, be willing to communicate your plans with the neighbors to reduce the risks of expensive lawsuits. Describe how you plan to communication with the neighbors about your winery in the business plan.

#### What to Consider

1. Will the infrastructure allow for an increase in traffic on the road? (VDOT Traffic Volume)
2. Will noise from special events disrupt the neighbors (Noise Ordinances)?
  - a. Invite the neighbors to the event

### Financial Plan

The financial plan component of the business plan is probably the **most important** component of the business plan to a lender/investor. Developing a thorough and accurate set of financials will help when pursuing financing for your winery. The financial plan should consist of 3-5 years of projected financials and 2-3 years of historical financials (if possible).

### Winery Establishment and Operating Cost Worksheets

#### Winery Establishment Worksheets

The winery establishment cost worksheets break down all of the start-up costs into separate sections (real estate, fermentation, and etc). The establishment costs worksheets should be completed for the first 3 to 5 years of the business.

#### Winery Operating Cost

The winery operating cost is a worksheet that compiles all of the operating costs of the winery. The operating costs worksheet lists out the variable costs that change from year to year (labor, grapes, bottles, and etc.). A ripple effect of 5% - 15% should be build into the winery operating costs to account for any costs that may have been unaccounted for or underestimated.

## **Total Winery Establishment Cost**

The winery establishment cost is a worksheet that list out each of the sections of the establishments worksheets to determine the total invested in each section for the first 3 years. This worksheet makes it easy for the lender/investor to analyze how much funding you are seeking to operate the winery. A ripple effect of 10% - 20% should be accounted for in the total winery establishment cost to account for any forgotten or underestimated costs just to be on the safe side.

## **Financial Statements**

The financial statements (balance sheet, cash flow, and income statement) show the lender/investor various information about the winery and are used to perform financial analysis on the operation. The financial statements are generally completed at the end of the other financial worksheets to insure they are tied in with the rest of the plan. Provide a list of assumptions used when creating the three various financial statements with a description or reference. These assumptions take the guesswork out of how you calculated or found the numbers.

### **Balance Sheet Statement:**

The balance sheet is a list of what you own (assets) and how you paid for it (liabilities and net worth). A balance sheet is a snapshot of a given day and should be complete once a year. The assets and liabilities are each broken down into two parts which are:

Current Assets – assets that can be converted to cash or used up in one year

Non-Current Assets – assets that have a life over one year

Current Liabilities – what you owe within one year

Non-Current Liabilities – the remaining loan balance due after the given year

Net worth (Owner's Equity) is what the owner(s) personally have invested in the winery. Retained earnings are an estimate of profits earned over the years of the business which are calculated by:

$$\text{Retained Earnings} = (\text{Total Assets} - \text{Total Liabilities} - \text{Net Worth})$$

Lenders/Investors use the balance sheet to determine:

- Your financial position
- How much you owe others
- What assets are available for collateral
- Your overall debt structure

### **Cash Flow Statement:**

The cash flow statement shows when cash comes into the business (cash inflow) and when cash leaves the business (cash outflow). Lenders/investors like to see a monthly cash flow statement for year 1 and quarterly from years 2 to 5. This statement can be used:

- To determine when to schedule your debt payments due to cash inflows
- To determine your operating loan needs throughout the year
- To evaluate main cash outflows for cost control purposes
- To construct the income statement

### Income Statement:

The income statement shows the profit/loss of the business for the year. This calculated using this formula:

$$\text{Profit} = \text{Total Revenue} - (\text{Cost of Goods Sold} + \text{Overhead Expenses})$$

Total revenue - income generated from the sale of goods or services.

Cost of goods sold - direct costs associated with producing the wine (grapes and packaging)

Overhead Expenses - costs that are not attributed to the production of wine (salaried labor, depreciation, interest, licenses, insurance, and etc.)

Calculate a best and worst case scenario on the income statement to show how the ending profit/loss will be affected if you have overestimated or underestimated the winery's revenue or expenses. Lenders/investors use the income statement to evaluate the profitability of the winery. The following ratios are typically calculated:

Rate of Return on Equity – measures the profit earned for each dollar invested in the winery by the owner's and investors

$$\frac{\text{Earnings Before Taxes (EBT)}}{\text{Average Equity}}$$

Rate of Return on Assets – measures how effectively the wineries assets are being used to generate profits

$$\frac{\text{Earnings Before Taxes (EBT)}}{\text{Average Total Assets}}$$

Rate of Return on Sales – measures the operating efficiency of your wineries sales in generating income for the business

$$\frac{\text{Earnings Before Taxes (EBT)}}{\text{Gross Sales}}$$

#### References for Further Research

- Daily, Susan and et al. "Winery Start-Up and Business Plan Workbook." *Southern Illinois University - Carbondale*.  
<http://www.southernillinois.biz/downloads/wineryworkbook.pdf>.
- Fickle, Lee Ann A. and et. al. "Small Winery Investment and Operating Costs (EB 1996)." *Washington State University Extension*. 2005.  
[http://www.agribusinessmgmt.wsu.edu/AgbusResearch/docs/wine\\_grapes/eb1996\\_05.pdf](http://www.agribusinessmgmt.wsu.edu/AgbusResearch/docs/wine_grapes/eb1996_05.pdf)
- Pisoni, Mark E. and Gerald B. White. "Writing a Business Plan Guide: A Guide for Small Premium Wineries (EB 2002-06)." *Cornell University Extension*. June 2002. (EB  
<http://aem.cornell.edu/outreach/extensionpdf/eb0206.pdf>.
- Pisoni, Mark E. and Gerald B. White. "Writing a Business Plan Guide: An example for a Small Premium Winery (EB 2002-07)." *Cornell University Extension*. June 2002.  
<http://aem.cornell.edu/outreach/extensionpdf/eb0207.pdf>.

## Financial Analysis

### Breakeven Analysis

Breakeven analysis is a powerful tool that shows the level of performance necessary to cover all costs associated with operating a winery. A breakeven calculator is provided in an Excel<sup>®</sup> file to help you calculate breakeven cases, bottles, and customers needed at the winery.

1. Breakeven Number of Cases = 
$$\frac{\text{Total Fixed Costs}}{(\text{Selling Price per Case} - \text{Variable Cost per Case})}$$
2. Breakeven Number of Bottles = 
$$\frac{\text{Total Fixed Costs}}{(\text{Selling Price per Bottle} - \text{Variable Cost per Bottle})}$$
3. Breakeven Number of Customers = 
$$\frac{\text{Total Fixed Costs}}{(\text{Average Amount Spent} - \text{Average Variable Cost}) \text{ per Customer}}$$

### Financial Ratios

The main three ratios that lenders/investors concentrate on when evaluating the financial situation of the winery are explained below. Check the Robert Morris Associates "Annual Statement Studies" which are published yearly to determine what the industry benchmarks are for a winery. A winery is provided under the manufacturing section and is listed under the North American Industry Classification System (NAICS) code as 312130. A financial ratios calculator is provided in an Excel<sup>®</sup> file to help you calculate your own financial ratios.

1. Debt/Asset Ratio = (Total Assets/ Total Liabilities)

These numbers are located on the balance sheet. The 2008 RMA industry benchmark for a small winery with sales of \$0 to \$1 million should range from 58% to 70%. The higher this ratio, the more financial risk your winery faces. This ratio shows the percentage of your total assets financed with a liability (loan).

2. Current Ratio = (Current Assets/ Current Liabilities)

These numbers can be found on the balance sheet. The RMA industry benchmark for a small winery with sales of \$0 to \$1 million ranges from 1.5 to 5.5. The number shows that the average winery should have at least \$ 1.50 of current assets for every \$ 1 of current liabilities.

3. Debt Coverage Ratio = ((Total Sales + Depreciation + Interest) – Income Taxes)/ Annual Loan Payments

These numbers are located on the cash flow statement and income statement. The 2008 RMA industry benchmark for a small winery with assets of \$1 to \$2 million ranges from \$1.50 to \$7.60. You should have at least \$1.50 in cash generated available for every \$1.00 of principal and interest due this year. A higher number is better.

References for Further Research	
Net MBA	<a href="http://www.netmba.com/finance/financial/ratios">http://www.netmba.com/finance/financial/ratios</a>

## Contingency Plan

The contingency plan component of a business plan for a Virginia winery helps the winery owner(s) prepare for unexpected which may occur. The first aspect examines how the winery plans to handle the three following questions.

Exceeding Expectations	Not Meeting Expectations	Getting Out of Business
Expand target market area	Analyze all expenses	Liquidate winery assets
Expand winery production capacity	Re-evaluate target market	Utilize the winery building for other uses
Expand size of tasting room area	Evaluate pricing strategy	Terminate winery licenses
Purchase additional wine grapes	Analyze wine sales outlets	

The second aspect of the contingency plan component deals with having a plan of action for the unexpected happening in creating the business or during existence of the business. This aspect of the contingency plan examines how a winery owner(s) would act during an unexpected happening such as a lawsuit.

Unexpected Happening	Plan of Action
Lawsuit against winery	Liability Insurance Coverage
Suspended ABC License	Consult Virginia ABC Department to fix problem
Lack of quality grapes to meet goal of wine production	Additional capital available from operating line of credit or savings to purchase grapes on contract

Having contingency plans helps the winery owner(s) to think **outside-of-the-box** of a typical winery business plan. Considering the unexpected will help the winery to develop a secondary plan of action to combat these circumstances. Being prepared for some of these contingencies could **save** the winery thousands of dollars in **additional costs** and **headaches** down the roads.

## References

The references component of a business plan provides a list of each of the sources used to gather information that is included in your business plan. Be sure to use various different forms of references when developing your winery business plan. Provided below is a list of valuable sources to help decrease your time of looking for information and it will help to lower your consulting costs because you are aware of where the information comes from.

### Helpful References to Use for the Whole Business Plan

Virginia Wineries Association  
Virginia Wine Marketing Association  
Virginia Agribusiness Council  
Virginia Department of Agriculture and Consumer Services  
Wine/Enology Grape Chemistry Group at Virginia Tech  
Virginia Tourism Corporation  
Small Business Administration  
United States Department of Agriculture  
United States Census Bureau  
Agriculture Marketing Resource Center  
Sustainable Agriculture and Research Education (SAGE)  
Cornell Cooperative Extension  
Virginia Cooperative Extension  
Wine America  
Wine Business Magazine  
Wines and Vines Magazine  
Vineyard and Winery Management Magazine  
Practical Winery and Vineyard  
Journal of Wine Economics  
International Journal of Wine Marketing  
Virginia Wine Lover Magazine  
Alcohol and Tobacco Tax and Trade Bureau

## Appendix

The appendix component of a business plan for a Virginia winery provides information that is important to each distinct winery, but it is not included in the overall business plan. Listed below is some information that could be included in the appendix.

- Personal Documents (**IMPORTANT**)
  - Personal Balance Sheet
  - Tax Statements
  - Bank Statements to justify assets
- Building Permit
- Construction Bids
- Business License Form
- Virginia ABC License Forms
- Alcohol and Tobacco Tax and Trade Bureau Forms
- Layout of Winery Plans
- Layout of Future Winery Plans (if possible)
- Resume of management employees

## **Conclusion**

In conclusion, I would like to thank all of the businesses and organizations that took the time to gather information and offer suggestions to include in the Virginia Winery Business Plan Guide.

Virginia Tech Agricultural and Applied Economics Department  
Virginia Tech Hospitality and Tourism Department  
Virginia Tech Food Science and Technology Department  
Oak Hill National Bank  
Farm Credit of the Virginias  
Virginia Farm Bureau Insurance  
L.L. Brown Insurance Agency  
EIPCI Consulting  
Shenandoah Valley Small Business Development Center  
Winery at LaGrange  
Doukenie Winery  
Pearmund Cellars  
Blue Ridge Vineyards

## References

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- Daily, Susan and et al. "Winery Start-Up and Business Plan Workbook." *Southern Illinois University - Carbondale*. <http://www.southernillinois.biz/downloads/wineryworkbook.pdf> (accessed February 7, 2009).
- Dollinger, Marc J. *Entrepreneurship: Strategies and Resources 4th Edition*. Lomard, Illinois: Marsh Publications, 2008.
- Ehmke, Cole and Jay Akridge. "The Elements of a Business Plan: First Steps for Entrepreneurs ." *Purdue Extension*. <http://www.ces.purdue.edu/extmedia/ec/ec-735.pdf> (accessed June 23, 2008).
- Fickle, Lee Ann A. and et. al. "Small Winery Investment and Operating Costs (EB 1996)." *Washington State University Extension*. 2005. [http://www.agribusiness-mgmt.wsu.edu/AgbusResearch/docs/wine\\_grapes/eb1996\\_05.pdf](http://www.agribusiness-mgmt.wsu.edu/AgbusResearch/docs/wine_grapes/eb1996_05.pdf) (accessed February 7, 2009).
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