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## **Writing a Business Plan: A Guide for Small Premium Wineries**

*A workbook for agricultural entrepreneurs to follow  
in drafting their own small premium winery business plan*

**by**

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# **Writing a Business Plan:** **A Guide for Small Premium Wineries**

By Mark E. Pisoni and Gerald B. White\*

## **INTRODUCTION**

New York premium wineries have made considerable progress in the last decade or so when measured by several indicators: winning national and international wine competitions; growth in sales of ten percent or more annually, and increased winery visitation by both local wine consumers as well as out-of-state and Canadian tourists. Yet the state's small wineries are still locked primarily into direct market sales at the winery and in-state distribution channels.

The development of ultra premium varietal wines made from varieties that have been shown to be adaptable to New York State's climate and soil conditions would be a real boon to the New York industry. First, it would increase profits to both growers and/or vintners, thereby stimulating the local economy in terms of new investment in wineries and vineyards. Secondly, attaining such a premium position in the market would make possible the marketing of these wines in desirable, carefully targeted national and international markets, as well as the metropolitan New York City market which Finger Lakes wineries have yet to penetrate in any significant way. Thirdly, it would attract further attention to the still fledgling New York industry. The development of such premium quality wines marketed at higher prices would indeed signal that New York is a world class wine producer, a distinction that the state's wine industry has avidly sought for the last three decades. It would also attract interest from outside investors who might start new vineyards and wineries or buy existing desirable properties.

This bulletin is intended as a guide to help current winery owners as well as potential investors and new winery entrants to develop a business plan for a small premium winery. The emphasis is placed on marketing at higher price points than have generally been attained in New York. The Guide is developed so that entrepreneurs can read a section that leads to the development of one part of the business plan. Then leading questions are asked and blanks are provided for writing the specifics of the plan for a particular firm and proposed winery. When all blanks are filled in, the document will constitute a business plan that may be taken to lenders, potential investors, and other financial advisors for evaluation and to attract capital for the venture.

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\*The authors are former Graduate Assistant, Department of Applied Economics and Management, Cornell University, currently with the management team of Pisoni Vineyards and Winery, Gonzales, CA; and Professor, Department of Applied Economics and Management, Cornell University. This project was funded by a grant from the New York State Department of Agriculture and Markets "Grow NY" Program and a subcontract through the Research Committee of the Finger Lakes Pinot Noir Alliance. Appreciation is expressed to Deborah Streeter for her review and helpful suggestions on an earlier draft of this publication.

# DEVELOPMENT OF THE BUSINESS PLAN FOR A PREMIUM WINERY

## Executive Summary

“An executive summary captures and presents succinctly the essence of the business plan. It is, in effect, a capsulated version of the entire plan. The executive summary is not simply a background statement, nor is it an introduction. It is in a sense the business plan in miniature. Because many business plan reviewers are inundated with proposals, they use the executive summary for a quick understanding of the total plan.”  
[www.entreworld.com](http://www.entreworld.com)

The executive summary should be brief (1-2 pages) and composed of short, focused paragraphs that contain a coherent and succinct version of the business plan. The writing of the executive summary should be one of the last steps of the business planning process, but it should be the first item in the final document.

*Use these questions to help in writing your executive summary:*

- Are you starting a new winery or has your winery been in business?
- What types of wines will you be selling?
- How much wine do you plan to produce and sell?
- How do you plan on selling your wine and who will buy your wine?
- What makes your winery different from your competitors?
- What are your key success factors? Key risk areas?
- Who is the management team and why will they succeed?
- What is the winery's profit and growth potential?
- How much money do you need?

**Your Executive Summary:**

The business

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Business strategy and competitive advantage

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Key operation issues

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Management team

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Market opportunity

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Key markets and distribution issues

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Key risk factors

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Profitability

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Financial Request

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## **Business Description**

### ***Mission Statement***

The mission statement describes the purpose of the firm and answers the question "What business or businesses are we in?" It is a short (two to five sentences), but broad statement of business scope, purpose, and operation. The mission statement reflects the core values and beliefs of the individuals who lead the business and distinguishes one company from another.

*Use the following questions to help in writing your mission plan:*

- What business are you in?
- Why does your winery exist?
- What customer needs does your winery serve?
- What values are most important to you and your winery?

### ***Business Description:***

The business description outlines your winery's basic background information, current stage of development, and future plans. It explains who you are, what you do, and why you do it. The section also describes the legal ownership structure.

*Use the following questions to help in writing your business description:*

- What is your winery's history?
  - How long have you been in business?
  - Why was your winery founded?
  - How has your winery changed over time?
  - What is your winery's sales, profit, growth, etc. record?
- What is your winery's current position?
  - Where are you located?
  - What resources do you have- physical, financial, human?
  - What are your key products and services?
  - What are your strengths and weaknesses?
- What is your winery's future plans?
  - What are your goals?
    - Goals are more general, longer-term desires of the owners/operators that help clarify the firm's purpose.
  - What are your objectives?
    - Objectives are quantifiable and straightforward strategies that are selected to permit management to reach the specific goals. Each objective should have two characteristics: (1) it can be measured, and (2) there is a given time in which to accomplish it.
- What is your ownership structure?
  - Are you an LLC, Corporation, sole proprietorship, or partnership
  - Why did you select this ownership structure?

**Your Business Description:**

*Your Mission Statement:*

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*Your Business Description:*

History

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Current position

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Future plans

Goal # 1:		
Objectives:	When?	Who?
(1)		
(2)		
(3)		
(4)		

Ownership structure

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## Plan of Operations

The plan of operations explains how your winery will work on a daily basis. It explains where the grapes will come from, where the wine will be made, how the wine will be processed, and how it will be sold. Flow diagrams are often included to show how the wine moves through the production process and ultimately reaches the customers. The section lists the facilities, equipment, and personnel needed for operating your winery.

*Use the following questions to help in writing your operating plan:*

- Where will the grapes come from?
  - Will you grow grapes or purchase them?
  - If purchasing grapes
    - Do you have contracts?
    - Are you buying by the ton or by the acre?
    - How can you ensure high quality?
    - How will you transport grapes to the winery
- Where will you make your wine?
  - Do you have a winery or custom crush location?
  - What facilities and equipment do you need?
- How will the wine be made?
  - Describe the winemaking process from fermentation to bottling and give time estimates for each phase of the process.
  - Where is the wine being stored?
    - Do you have room in your winery or do you rent storage space?
- How is the wine sold?
  - Will you sell your wine through the tasting room, directly to restaurants & wine shops, or through distributors?
  - How is billing handled?
- How many employees will you need?
  - Where will you find your employees?
  - How much will they be paid?

*The following references may help in developing a plan of operations for your winery:*

Vine, Richard. *Winemaking from Grape Growing to Marketplace*. Chapman and Hall Publishing, New York, NY, 1997.

Zoecklein, Bruce, Kenneth Fuglesang, Barry Gump, and Fred Nury. *Wine Analysis and Production*. Aspen Publishers, Inc., Gaithersburg, Maryland, 1999.

Storm, David. *Winery Utilities: Planning, Design, and Operation*. Chapman & Hall Publishing, New York, NY 1997.

Wine East Staff. *Wine East Buyers Guide 2001*. Lancaster, PA, 2001.

## Your Plan of Operations

### Grape source

Varietal	Tons needed	Tons grown	Tons purchased	Location of purchased grapes

### Winery facilities

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### Additional Equipment needs

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### Winemaking process

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### Wine storage & shipment

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### Sales outlets

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### Employee needs

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## **Management Team**

The management section of the business plan should consist of a brief narrative for each member of the management team. The narrative should begin by describing the duties and responsibilities of the position, and then describe the individuals past experiences and achievements as they relate to the area of responsibility. The most recent information should be listed first, and educational and/or professional backgrounds should be mentioned only briefly. If the winery uses a board of advisors and/or other consultant they should be mentioned in this section.

Remember that investors are looking for balanced management teams with a history of success in the appropriate fields.

The management section should resemble the format on the next page.

**Name in Bold, *General Manager***

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**Name in Bold, *Winemaker***

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**Name in Bold, *Sales/Tasting room manager***

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**Name in Bold, *Vineyard Manager***

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## Industry Analysis

The industry analysis describes forces taking place in the wine industry that will affect your winery. The section presents background industry information, distribution patterns, historical trends, current consumption patterns and other factors affecting the wine industry and your firm. The goal is to show the opportunities and threats that your winery will be facing.

*Use the following questions to help in writing your industry analysis:*

- What are the historical and current trends affecting the wine industry?
  - Consider consumption, production, distribution, consolidation, technological, social/cultural, demographic, and economic trends.
- What governmental regulations affect the wine industry?
  - Environmental regulations- wastewater disposal, chemical usage
  - Legal regulations- shipment of wines, product labeling
  - Taxes- state and federal excise taxes, property & school taxes, employee withholdings
  - Permits- winery bonds, farm winery license, sales licenses

*The following references may help in writing your industry analysis:*

Wine institute. [www.wineinstitute.org](http://www.wineinstitute.org)

Bureau of Labor and statistics. [www.bls.gov](http://www.bls.gov)

Motto, Kryla, and Fisher [www.mkf.com](http://www.mkf.com)

Gomberg, Fredrickson, & Associates

Adams Business Media. *2000 Wine handbook*. Adams Business Media, New York, 2000.

New York Wine and Grape Foundation. *New York State Winery Handbook*. New York Wine and Grape Foundation. Penn Yan, NY 1989.

United States Department of Agriculture. [www.nass.usda.gov/ny](http://www.nass.usda.gov/ny)

**Your Industry Analysis:**

*Industry Analysis:*

Wine consumption trends

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Product mix trends

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Growth trends

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Economic trends

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Demographic changes

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Social/cultural changes

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Environmental regulations

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Legal regulations

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Taxation issues

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Permits/licenses

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## Competitor Analysis

The competitor analysis is an objective comparison between your winery and your competitors. Direct and indirect competitors are identified and their strengths and weaknesses pointed out. Each competitor's product mix, production history, reputation, location, marketing strategy, customer base, etc. should be identified. The goal is to accurately describe your competitors and show how your winery fits in the market.

*Use the following questions to help in writing your competitor analysis:*

- List and describe other your competitors- both direct and indirect
  - What are their general characteristics?
    - Location, years in business, managers, philosophy
  - What is their marketing strategy?
    - Target market, product mix, promotion campaign, tasting room
  - What is their financial position?
  - Why are they successful?
- How is your winery different from your competitors?
  - What is your sustainable competitive advantage?
  - Why will customers buy your wine

*The following references may help in writing your competitor analysis:*

Uncork New York [www.uncorkny.com](http://www.uncorkny.com)

Wines and Vines staff. *Wines & Vines 2001 Buyers Guide*. The Hiaring Company, San Francisco, CA 2001

## **Your Competitor Analysis**

Names of competitors

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General characteristics of competitors

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Competitors marketing strategy

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Competitors financial position

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Competitors strengths

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Competitors weaknesses

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Your fit in the marketplace

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Your sustainable competitive advantage

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## Marketing Plan

Many wine makers' view marketing as an inconvenience and secondary to the production process. Wineries spend large sums of money on grapes, equipment, barrels, etc., but are reluctant to allocate sufficient funds, time, and personnel towards marketing their wines (Vine, et al.,1997). The common saying that “a good wine will sell itself” is not a viable marketing strategy and, unlike many vintners believe, marketing is as important as the production process.

The ultimate purpose of the marketing plan is to explain how you will get your wines known and purchased by customers. The section begins by identifying the target market or group of customers to whom the firm aims its marketing effort. The target market is not simply whoever is buying or will buy your products, but rather those individuals or businesses that you identify as your most desirable customers.

*Use the following questions to identify your target market:*

- Who are your most desirable customers?
- Is this segment of the market profitable and does it offer growth potential?
- Does your firm have a competitive advantage in meeting the needs and wants of customers in this segment?
- Is your competitive advantage sustainable?

Marketing strategies are presented following the traditional four P's of marketing: Product, Price, Promotion, and Place. Product strategy examines the products being sold, packaging, and position in the market. Pricing strategy discusses various methods of formulating price strategy and looks at the impact prices have on customers and profitability. Promotion strategy focuses on getting your product known. It examines promotional techniques such as advertising, public relations, sales promotions, and networking. Place strategy examines various distribution channels and discusses activities involved in moving goods from the producer to customer.

*Use the following questions to help formulate your marketing strategies:*

- Product
  - What type of wine or combination of wines will you sell?
    - Vinifera varieties, French American hybrids, or Native American varieties
  - How is the wine packaged?
    - Volume- 750 ml, 375 ml, or 1.5 liter
    - Glass-color, weight, style
    - Cork- traditional or synthetic
    - Capsule- wax, foil, plastic, or none
    - Label- design, style, and message
    - Box- cardboard 12 bottle cases, cardboard 6-packs, wooden 12 bottle cases, wooden 6 packs, cardboard 2-packs
    - Will you wrap bottles with tissue paper?
  - How much wine will you make?
    - What is your five-year production plan?

- Will you produce a 1<sup>st</sup> and a 2<sup>nd</sup> label wine?
  - How much volume goes into each label?
  - Will both labels carry the same brand name?
- Will you vineyard designate?
- Why would a consumer buy your bottle of wine instead of competitors?
- What other products or services will you offer to customers?
  - Tasting room & gift shop, wine trails, wine tastings, educational events, winery & vineyard tours, winemaker dinners, barrel tastings, harvest parties, other local attractions, etc.
- Price
  - What pricing strategy do you follow: high price/high quality, low price/high quality, or low price/low quality?
    - Prestige pricing vs. value pricing
  - How much does it cost to produce your product?
  - What are your competitors prices?
  - What are the prices you receive at each distribution channel?
    - Tasting room- Retail prices
    - Direct to Retailers- Wholesale prices (2/3 of retail)
    - Through a Distributor- FOB prices (1/2 of retail)
- Promotion
  - What are your promotion goals?
    - Provide information, stimulate demand, differentiate, counter competitors, attract customers to the winery
  - Who are your promotion activities targeting?
    - Tasting room visitors, direct mail purchasers, distributors, restaurant owners, wine shop owners
  - What media will you use to reach your target market?
    - Radio, newspapers, newsletters, flyers, posters, e-mails, billboards, website, word of mouth, yellow pages, magazines, brochures
  - Will you have a tasting room?
    - Free tastings, winery tours, special events, gift shop, food
  - How much wine will you allocate for promotional purposes?
    - Poured in the tasting room, given to investors, owners, & staff, saved for the library program, donated to charity, given to wine writers
  - Will you use sale promotions?
    - Full case purchase discounts, monthly sale specials, shelf talkers
  - Will you travel to promote your wines?
    - Attend wine competitions, winemaker dinners, tastings, or visit accounts
- Place or Distribution
  - Where will customers purchase your wines?
    - Tasting room, direct mail, restaurants, wine shops, liquor stores
    - What are the advantages, disadvantages, and costs associated with selling through the various distribution channels.
  - What is your five-year distribution strategy?

- How does volume affect your distribution strategy
  - Will you place a limit on how many bottles a customer may purchase?
- Marketing Budget
  - How much money will you allocate towards marketing your wines?
    - So many dollars per case, a percentage of sales, a fixed amount each year
  - Who is responsible for marketing your wines?

*The following references may help in writing your industry analysis:*

White, Gerald and Wen-fei Uva. "Developing a Strategic Marketing Plan for Horticultural Firms." Cornell University, Ithaca, NY, 2000.

Pisoni, Mark. *An Investment Analysis of Small Premium Finger Lakes Wineries*. MS thesis. Cornell University, Ithaca, NY 2001.

Vine, Richard. *Winemaking from Grape Growing to Marketplace*. Chapman and Hall Publishing, New York, NY, 1997.

Yamashita, Takaaki. *A Descriptive Study of Small Wineries in the Finger Lakes Region from the Marketing Viewpoint*. Cornell University, Ithaca 1991.

Wines & Vines, Wine Business Monthly, and Wine East.

# Your Marketing Plan

Target Market

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Product

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Price

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Promotion

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## NOTES

Place or Distribution

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Marketing Budget

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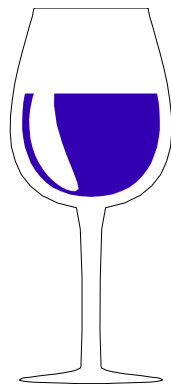
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## Financial Plan

“In order to make a small fortune in the wine industry, start with a large one.” This common wine industry quote highlights the financial difficulties many wineries face.

Wineries are capital intensive and an accurate financial plan is vital for the success of a start up winery. Wineries must pour large sums of money into capital assets such as crushers, presses, stainless steel tanks, bottling lines, etc. that are only used a few weeks out of the year. Cash flow constraints arise because of the long lag time from production to sales. Premium wineries are required to age wines one to two years prior to releasing them, and this aging process ties up a great deal of capital in inventory. This lag time is even more of a problem for growing wineries because only when they level off production are sales able to catch up with production volumes. It takes time to get a successful marketing plan in place. It usually takes five years before a growing winery is into a positive cash flow situation, and most often it is even longer.

A detailed financial plan can help wineries avoid financial difficulties. The financial plan is usually the longest and most critical section of the business plan, and it begins with a three to four paragraph narrative. The first paragraph should state how much money you are seeking and how you plan to use it. The second paragraph should note which financial statements and documents are included in the financial plan. The next paragraph should describe the exit strategy for investors (when they can expect to withdraw their funds).

The financial plan should consist of the following sections:

### Balance sheets

- Quarterly projections for the first year
- Annual projections for years 2 and 3
- Existing business should provide balance sheets from the past 3 years

### Income statements

- Monthly projections for the first year
- Annual projections for years 2 and 3
- Existing business should provide balance sheets from the past 3 years

### Cash flow statements

- Monthly projections for the first year
- Annual projections for years 2 and 3
- Existing business should provide balance sheets from the past 3 years

### Start up costs

- Here you list the various capital assets necessary for you operation
- Include costs for buildings, equipment, machines, etc.

### Financial assumptions

- Here you list all the financial assumptions used in generating your pro forma (projected) balance sheets, income statements, and cash flow statements.
- You should also explain how you arrived at the various assumptions.

### Break even analysis

- The break even analysis is usually presented in a graph and shows how many cases of wine must be sold to cover the variable and fixed costs
- The break even point is where you begin to become profitable

#### Sources and use of funds

- Here you list how much money you need, who is supplying the money, and how you intend on using the funds

#### Sensitivity analysis

- Sensitivity analysis is a means of evaluating the uncertainty of an investment by varying the underlying assumptions. It helps investors identify key variables and risks associated with various projects. When performing a sensitivity analysis one should alter various variables, one at a time, and record their affect on the businesses profitability.

#### Exit strategy

- Here you describe how and when investors will get their money back.

*The following references may help in writing financial plan:*

Dillon, Carl, Carter Price, Justin Morris, and David Ward. "An appraisal of the economic feasibility of wine and juice production in Arkansas". University of Arkansas, Bulletin 942, June 1994.

Folwell, Raymond and Bales, Timothy and Edwards, Charles. "Costs of Investment and Operation in Various Sizes of Premium Table Wine Wineries in Washington." Washington State University, Pullman 2000.

Moorhead, Douglas. "Starting a Small Winery" *Wine East*. 1996 Buyers Guide.

Pisoni, Mark. *An Investment Analysis of Small Premium Finger Lakes Wineries*. MS thesis Cornell University, Ithaca, NY 2001.



## ***Financial Statements***

The balance sheet, income statement, and statement of cash flows are three financial statements used in financial analysis. A further description of each of these financial statements follows.

The balance sheet shows the value of the items owned (assets), all claims against the business (liabilities), and the resulting difference is net worth or owner's equity.  $\text{Assets} - \text{Liabilities} = \text{Net Worth or Owner's Equity}$ . The balance sheet is a "snapshot" of the business financial position at any one point in time, usually at the end of the fiscal year (for most businesses, December 31). Assets are simply those items that the business owns. Assets are broken down into two classes: current and non-current assets. Current assets are cash and other assets that can be converted into cash through "normal" operation of the business during the year. Non-current assets "can be liquidated", but generally would require more time to attain a fair price and sale would drastically alter the business' ability to operate. Assets can be valued according to their current market value or according to their cost, or "book" value. Many balance sheets list both values. The cost value reflects the undepreciated balance of assets while market value reflects the value of assets according to current market conditions.

Liabilities are what you owe, and are divided into current and non-current liabilities. Current liabilities are those obligations that need to be repaid within one year. Non-current liabilities are obligations that have repayment schedules in excess of one year.

The income statement is a "flow concept" that determines the business' profitability over a given time period. Net income is used to evaluate the business' profitability and it is calculated by subtracting the firm's expenses from the revenues. Revenues are the money the firm makes and expenses are the costs it incurs in the process of earning revenue. Income statements may be either be accrual based or cash based. Cash based income statements are the simplest of the two. With cash based accounting, revenue is considered earned when cash is received and expenses are considered incurred when cash is paid. Accrual accounting is preferred to cash based accounting because it most accurately reflects what is happening to the business. Under accrual accounting, revenue is considered earned in the period the revenue transaction takes place, and expenses are considered incurred when goods or services are used or consumed. Thus in addition to cash receipts and expenses, accrual accounting also considers changes in accounts receivable, accounts payable and inventories of product, input, supplies, etc.

The statement of cash flows is a summary of the cash inflows and outflows of the business over a given time period. The statement of cash flows addresses the issue of whether the business can meet its financial obligations. It examines the amount of cash available to the business and shows how this cash was used. Only cash transactions are recorded on the statement of cash flows. The information comes from the projected income statement. Of course, projections are easier to make if the business plan represents an on-going business. Start up businesses will have to rely on available published studies and hypothetical projections.

Balance Sheet

Name of business: \_\_\_\_\_

Date: \_\_\_\_\_

<b>Assets</b>	<b>Liabilities &amp; Net Worth</b>
<i>Current Assets</i>	<i>Current Liabilities</i>
Cash, checking, & savings _____	Accounts payable _____
Stocks and Bonds _____	Wages payable _____
Accounts receivable _____	Operating debt _____
Prepaid expenses _____	Short term debt _____
Production supplies _____	Accrued interest _____
Packaging supplies _____	Other: _____
Bottled wine inventory _____	Other: _____
Bulk wine inventory _____	
Other: _____	
Other: _____	
	<i>Total Current Liabilities</i> _____
<i>Total Current Assets</i> _____	
<i>Non-current Assets</i>	<i>Non-current Liabilities</i>
Machinery & equipment- owned _____	Notes payable: Real estate _____
Machinery & equipment- leased _____	Notes payable: Mach. & equip. _____
Cooperage _____	Leases payable: Mach. & equip. _____
Land _____	Other: _____
Buildings _____	Other: _____
Vineyards _____	
Other: _____	
Other: _____	
	<i>Total Long-term Liabilities</i> _____
<i>Total Long-term Assets</i> _____	
	Total Liabilities _____
	Owner's equity (Net Worth) _____
<b>Total Assets</b> _____	<b>Total Liabilities &amp; Owner's equity</b> _____

Income Statement

Name of business: \_\_\_\_\_

Date: \_\_\_\_\_

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*Revenues*

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Wine sales- Retail	_____	
Wine sales- Wholesale	_____	
Wine sales- Distributor	_____	
Tasting room merchandise sales	_____	
Grape sales	_____	
Other: _____	_____	
Other: _____	_____	
<b>Total Revenues</b>		_____

*Expenses*

Grapes	_____	
Labor	_____	
Packaging materials	_____	
Marketing	_____	
Utilities	_____	
Professional fees	_____	
Supplies	_____	
Gasoline, fuel, and oil	_____	
Insurance (other than health)	_____	
Interest expense	_____	
Taxes	_____	
Rental or lease expenses	_____	
Repairs & maintenance	_____	
Depreciation	_____	
Miscellaneous	_____	
Other: _____	_____	
Other: _____	_____	
<b>Total Expenses</b>		_____

Gain or loss on sale of assets \_\_\_\_\_

Net Income Before Taxes \_\_\_\_\_

Income Tax expense \_\_\_\_\_

**Net Income after taxes** \_\_\_\_\_

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Statement of Cash Flows

Name of business: \_\_\_\_\_

Date: \_\_\_\_\_

**Cash Flows from Operating Activities**

Cash winery receipts	(+)		
Cash winery expenses	(-)		
Income tax payments	(-)		
Net Cash Operating Income			

**Cash Flows from Investing Activities**

Cash received from sale of capital assets			
Sale of equipment & machinery	(+)		
Sale of real estate	(+)		
Sale of barrels	(+)		
Sale of fermentation tanks	(+)		
Total cash received from sale of capital assets			(+)
Cash paid to purchase capital assets			
Cash paid to purchase equipment & machinery	(-)		
Cash paid to purchase real estate	(-)		
Cash paid to purchase barrels	(-)		
Cash paid to purchase fermentation tanks	(-)		
Total cash paid to purchase capital assets			(-)
Net Cash provided by Investing Activities			

**Cash Flows from Financing Activities**

Cash received from operating loans	(+)		
Cash received from term loans	(+)		
Cash inflows from financing			(+)
Cash repayment on operating loans	(-)		
Principle payments on term loans	(-)		
Principle payments on lease obligations	(-)		
Cash outflows from financing			(-)
Net Cash Flows from Financing Activities			

**Cash Flows from Equity Activities**

Cash received from equity investors			(+)
Cash disbursements to equity investors			(-)
Net Cash Flows from Equity Activities			

**Cash Flow from Reserves**

Beginning cash, checking, & savings account balance	(+)		
Ending cash, checking, & savings account balance	(-)		
Net provided from reserves			
Imbalance (Error)			

**Monthly Cash flow estimates**

Name of business: \_\_\_\_\_

Date: \_\_\_\_\_.

<b>Cash in flows</b>	January	February	March	April	May	June	July	August	September	October	November	December	Total
Wine sales- Retail	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Wine sales- Wholesale	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Wine sales- Distributor	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Gift shop/merchandise sales	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Cash received from new loans	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Cash received from sale of assets	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Cash received from investors	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
<b>Total Revenues</b>	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
 <b>Cash out flows</b>													
Grapes	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Labor	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Packaging	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Marketing	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Utilities	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Professional fees	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Supplies	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Gasoline, fuel, oil	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Insurance	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Taxes	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Repairs & maintenance	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Miscellaneous	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Rent/leases	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Term loans	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Operating loans	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Lease payments	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
<b>Total expenses</b>	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Capital Purchases													
Barrels	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
ss tanks	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Equipment	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Other capital purchases	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Income Taxes	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Net Cash Flow	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

***Financial Assumptions***

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**Financial Assumptions (Examples)**

Interest rate on borrowed capital	_____	%
Expected rate of inflation	_____	%
Cost of capital in financial analysis	_____	%
Tax rate (state & federal)	_____	%

**Wine retail bottle prices:**

<u>Variety</u>	<u>1<sup>st</sup> label price</u> (\$ per bottle)	<u>2<sup>nd</sup> label price</u> (\$ per bottle)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**Grape Prices:**

<u>Variety</u>	<u>\$ per ton</u>
_____	_____
_____	_____
_____	_____
_____	_____

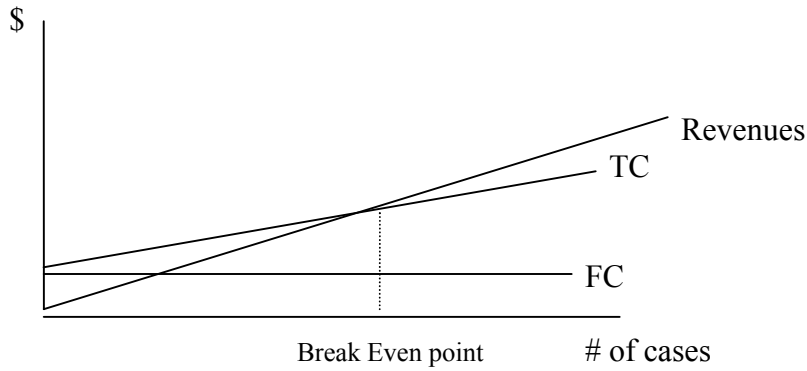
**Production and Distribution:**

	Year 1	Year 2	Year 3	Year 4	Year 5+
Annual production volume (cases)	_____	_____	_____	_____	_____
Annual sales volume (cases)	_____	_____	_____	_____	_____
Percentage of sales directly to consumers	_____	_____	_____	_____	_____
Percentage of sales directly to retailers	_____	_____	_____	_____	_____
Percentage of sales to distributors	_____	_____	_____	_____	_____
Percentage of wine <u>not sold</u>	_____	_____	_____	_____	_____

**Premium Winery Start-up Costs**

<b>Description of expenses</b>	<b>Cost</b>
Equipment	
Receiving equipment	
Fermentation/Storage equipment	
Cooperage	
Cellar equipment	
Lab equipment	
Refrigeration	
Remodeling costs	
Installation fees	
Fees, licenses, permits, certifications	
Special one time only legal/accounting/consulting fees	
Pre-production labor/training expenses	
Beginning inventory	
Office supplies (letterhead, forms, paper)	
Computers, furniture, fax, phone	
Marketing expenses	
Land	
Buildings	
Vehicles	
Other:	
Other:	
Other	
<b>Total Start-up Expenses</b>	

***Break Even Analysis***



***Sources and Use of funds***

*Source of funds*

Founders	\$ _____
Investors	\$ _____
Bank financing	\$ _____
Total	\$ _____

*Use of funds*

Winery	\$ _____
Tasting room	\$ _____
Wine making equipment	\$ _____
Grapes	\$ _____
Packaging supplies	\$ _____
Other: _____	\$ _____
Total	\$ _____

***Sensitivity Analysis***

*Possible variables to adjust in the sensitivity analysis:*

Initial Start-up Costs

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Operating Expenses

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Product Prices

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Production Volume

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Distribution Channels

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***Exit strategy***

Most people investing in the wine industry are doing so because they enjoy the lifestyle and want to be a part of a winery operation. Investors realize they are making a long term commitment to your winery, and do not expect to withdraw their capital in the near future. However, investors will want to know your long-term plans for operating the winery, when they could possibly withdraw their capital, and what type of rate of return they should expect.

***Your Exit strategy***

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## **Conclusion**

The conclusion summarizes prior sections and makes final statements regarding the firm's profitability and long run prospects. It prioritizes tasks and sets a schedule for what needs to be accomplished in the next one, three, and five years.

*Use the following questions to help in writing the conclusion:*

- Can your business be profitable?
- What are the keys to your business's success?
- What are the long-term plans of your business?
- What tasks must be accomplished in the next, one, three, and five years?

## **Appendix**

The appendix section should include information or documents that further explain any aspects of the business plan or the business. Entrepreneur resumes, property layouts, new product designs, credit reports, licenses and permits, historical business records are commonly included in the appendix. Note: the information included in the appendix will vary according to the audience.

*Use the following questions to help in completing the appendix section:*

- Who will be reading the business plan?
  - What additional information will interest them?
- Do any aspects of the business plan need further explanation?
- Are all the necessary supporting materials included?



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