

# Getting Real: *starting a boutique winery on the East Coast*

Christine Carroll

Winning a winery conjures up images of tanned, relaxed “beautiful people” sipping handcrafted Cabernets around a harvest table groaning with gourmet fare.

“What a lifestyle,” you sigh. “Now there’s a business I’d like to be in.”

Visions of Madison Avenue’s boutique winery danced in our heads when we started Crossing Vineyards and Winery in 1999. We would invest in a family-centered business. We would preserve a 20-acre parcel in Upper Makefield Township, a developing area outside of Philadelphia. We would work hard and smart, and we would succeed. After all, we had a lifetime of experience. How hard could it be?

Seven years later, Crossing Vineyards and Winery is a thriving business. Yes, we’ve gotten a few things right



When planning their new barrel room, Crossing Vineyards’ owners referred to their business plan and built for the future.

## HIGHLIGHTS

- When deciding on a location for your boutique winery, consider retail sales and local zoning regulations.
- A sound business plan and a realistic budget are critical; cultivate your financial institution as carefully as your vines.
- Get to know your neighbors, and get advice from other winery owners, as well as trade journals. Choose respected vendors who can provide timely parts and service.
- Try not to cut corners when setting up your winery. Keep in mind *value*, not *price*.

over the past seven years, but we’ve also made our share of mistakes.

Included below are some “get real” tips for the adventurous entrepreneur who’s thinking of starting a boutique winery. How hard can it be? Harder than anything you’ve ever done in your life.

### Finding The Right Site

When choosing a location for your winery, consider its potential for retail sales. Wineries and vineyards are often co-located in rural areas. No matter how good the product is, customers can’t buy it if they can’t find your tasting room.

Before finalizing your site decision,

become a local zoning expert. Is the location approved for commercial use? Does the law specifically allow for a winery? What about the environment? Hours of operation? Parking? Noise?

Better to uncover potential conflicts early than be denied a certificate of occupancy on the night before your grand opening.

Weigh the pros and cons. No site is perfect, and ignorance is no excuse.

### Develop A Business Plan And Budget

First, craft a core essence statement. In our case it was one word. *Quality*

has become Crossing Vineyards' mantra, and has driven every key business decision.

Next, ask a series of critical questions: How many gallons of wine do I want to produce? What kind of equipment and space will that require? Where do I want to be in five years? When can I realistically expect a return on my investment?

The research will culminate in a plan, which should include the following components:

- A description of the business
- An analysis of the current market
- A list of operating strategies
- Financial projections
- A statement of business risk

With the detailed plan in place, begin working on a preliminary budget. Decide how much capital you can invest, and work backwards. How much will it cost to renovate existing structures? What equipment will be needed at a production level of, say, 50,000 gallons in five years?

On paper, see how far the proposed start-up capital will go. Not very, you'll find. Keep doing the math until the numbers work.

Another "get real" tip: Your financial institution is a valued business partner, not the enemy. Cultivate a relationship with your banker. Get to know him personally. Share your plans and budget. Remember, you're the customer. The bank makes *its* money by lending *you* money.

### Finding The Right Vendors

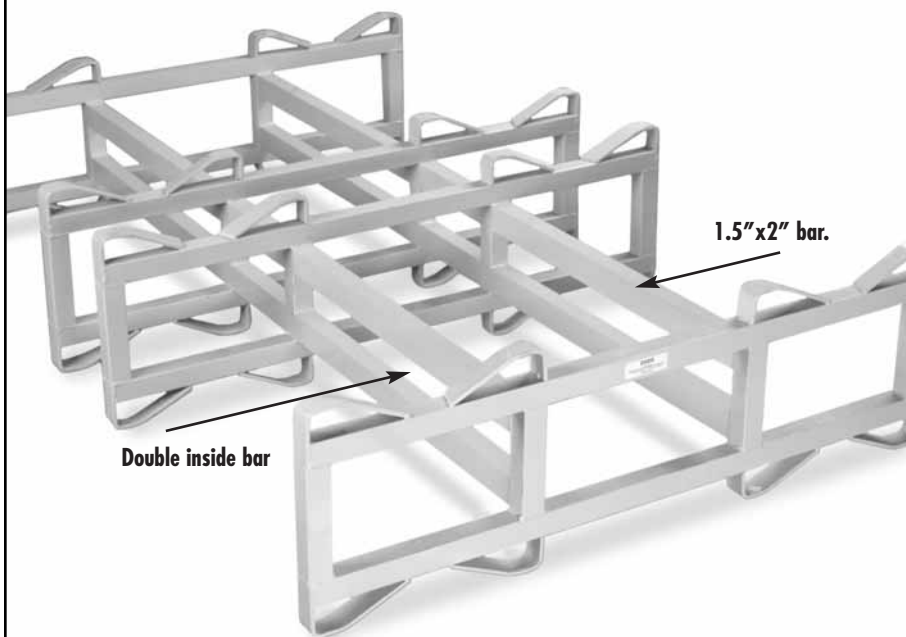
Selecting equipment suppliers should not be exclusively price-driven. Consider other important factors like location, warranties and service.

Read industry publications, like *Wines & Vines*, and attend local trade shows. Develop a short list of vendors and check references. Visit each one, if practical. Ask yourself: Does the business seem well run? Are the employees easy to work with? Will the company allow the use of loaner equipment? Is it close enough to provide timely parts and service?

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The Carrolls invested ample sweat equity in the construction of their new winery, here helping to move in their new fermentation tank, a tight squeeze.

We chose Prospero Equipment/AWS (wineryequipment.com) in Pleasantville, N.Y., not the lowest-priced vendor, but for our money, the best value. Prospero made good on its promises. The staff helped us design our winery and provided training, support, even a little handholding, especially in the beginning when our learning curve demanded it.

Another tip: Consult other winery owners in your area. We were fortunate to have people like Eric and Lee Miller from Chaddsford and Jerry Forest from Buckingham Valley Vineyards share their hard-won experience. We will never forget their generosity and will follow their

example by extending a helping hand to those who now seek our advice.

## Finding The Right Equipment

Pull out that budget when it's time to start making purchases. One of the first questions to ask is: New or used?

My advice? If you can afford new, buy new. The equipment will reflect the latest industry technology and will include training, warranty and service.

If not, get creative. Ask for a loaner press or filter. Share equipment with another winery. Use a mobile service if you can't afford your own bottling line. Work within that all-important budget.

A few more useful tips:

- Include at least one pallet jack and one forklift in your list of necessary equipment.
- Don't neglect the laboratory. A properly equipped lab will increase the probability of producing quality wine.
- Be cautious when buying used oak barrels. Bringing in used barrels may increase your risk of importing bacteria or other organisms into your winery.
- When purchasing equipment from France or Italy, consider the value of the euro. The exchange rate is currently about \$1.26 to 1 euro, and has been significantly higher—more than \$1.30 in the summer of 2005. Use the conversion rate to your advantage.



New barrels fill the completed barrel room.

## The Winery: Pay Me Now Or Pay Me More Later

It's tempting to cut corners when setting up the winery. Try not to.

Always keep in mind: *value* not *price*. You won't be buying a press or a filter every year; so get the very best you can afford.

The following suggestions may require additional capital up front, but will result in a quality product and will ultimately have a positive effect on the bottom line:

- Construct a separate bottling room with its own air supply. This will encourage cleanliness and eliminate the possibility of airborne bacteria and yeast.
- If your winery is on the East Coast, build a roof over the crush pad. It always seems to rain on crush day.
- Install floor drains. Pay careful attention to how and where the winery drainage flows. Will a separate holding tank be required for wastewater?

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- Install three-phase electrical service. The use of phase converters can cause problems with (and possibly damage to) winery equipment.

- Provide for adequate storage. Warehouse space should be twice the square footage of the winery.

- Climate control is vital to the production of quality wine. Be sure to insulate the winery properly. Include a chilling system with jacketed, insulated tanks, if the budget allows.

- Especially on the East Coast, use temperature control in the labeling area. Labels will apply and adhere easily in a humidity-free environment. As an added bonus, air-conditioning will make employees more productive.

- Allow sufficient height for the winery ceiling. This will ensure enough clearance to get tanks in the building and will offer additional space for stacking bottles and case goods.

- Don't neglect security. Remember the huge investment you've made, not just in capital equipment, but also in wine inventory. For a few thousand dollars you can install a state-of-the-art alarm system that will offer both burglar and fire protection. It will also entitle you to reduced insurance rates.

#### The "M" Word

We once asked the following question of an industry veteran:

"If you could tell us just one thing about the wine business, what would it be?"

His answer: "If you want to make a million dollars, start with five million."

This final piece of advice cannot be over-emphasized. To be successful, a business must have the capital to sustain it through the first five years of operation. Most companies don't fail; they just don't succeed quickly enough.

Want to start a boutique winery? Get real. Do your homework, develop a budget and stick to it, and have sufficient capital. Will you see a reasonable return on your investment in the first year? Or two? Or five?

Maybe not.

You won't see any tanned, relaxed "beautiful people" either. They've won the lottery and moved to Tahiti.

What you *will* see if you're lucky, like our family at Crossing Vineyards, is a loving clan grabbing a quick lunch together, trading stories, maybe even playing with that new grandbaby.

It's about money, sure. But it's not only about money. It's about family and a lifestyle and doing what you love.

And that, as Madison Avenue would say, is priceless.■

*(Christine Carroll is a wine columnist, wine educator and one of the principals of Crossing Vineyards and Winery in Washington Crossing, Pa. She is a member of Penn State University's Enology Program advisory committee and the secretary of Bucks County Wine Trail, Limited. Contact her through [edit@wines-andvines.com](mailto:edit@wines-andvines.com).)*

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