



Create a business plan your lender will love!

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Lenders are more discriminating than ever in evaluating wine industry business plans. Whether you need working capital for marketing and sales programming, or financing for growth in winemaking or tasting room capacity – incorporating items from this checklist can ensure success.

Key Elements of a Successful Business Plan

To quote a wine industry lender:

“Winery executives need to take a more thorough approach to forecasting. Many are not credible in how they generate the assumptions behind their financial forecasts and generally have a poor understanding of the important variables impacting the business today.”

The following checklist was generated from our experience in working with wineries to generate strategic business plans that receive high marks from the financial community.

1. Although banks loan based on your current situation, you must include your historical financial performance, as well as a written summary of your goals and results.
2. The financial forecast needs to include, at a bare minimum, an Income Statement, Balance Sheet, Cash Flow, plus an analysis of critical ratios or key indicators of the business.
3. Build your forecast with assumptions that are reasonable, coherent and credible.
4. Assumptions need to address ALL of the following variables:
 - a. **Quality.** Demonstrate how you intend to produce consistent quality in the bottle. Show obvious improvements in the vineyard. Consider hiring a consulting winemaker.
 - b. **Brand.** Show a strong analysis of the factors contributing to Gross Margin (it has a direct correlation to brand equity). Address ‘What if’ scenarios... What if your strong dependence on the consumer direct channel is hard hit by a decrease in tourism? Can the winery maintain Gross Margins and withstand a shortfall in revenues in one channel?
 - c. **Market.** Present a well thought out distribution strategy + strong established relationships within the channels. What are the in-market plans?
 - d. **Capital.** Demonstrate long-term, well-developed sources of capitalization. Under financed businesses falter when competition increases.
 - e. **Growth analysis.** Develop a sound approach to case production, pricing, and sales projections.
5. Produce a reasonable growth plan. Does the past business provide a realistic foundation for the future business? Are the assumptions for building the future business based on a sound transition strategy? If you are a grape grower, how do you successfully transition into a winery owner in today’s environment?