

Start your own winery or vineyard!

FabJob Guide to
**Become a
Winery
Owner**



BRENNA PEARCE

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Contents

About the Authors	10
1. Introduction.....	13
1.1 About Wineries and Vineyards	14
1.1.1 Types of Wineries	15
1.1.2 Types of Vineyards.....	18
1.2 Growth of the Wine Industry	19
1.2.1 Wine Production and Retail Sales	19
1.2.2 New Opportunities	20
1.3 Benefits of Being a Winery Owner	23
1.4 Inside This Guide	24
2. Developing Your Skills and Knowledge	26
2.1 Learning about Wine	26
2.1.1 Viticulture	27
2.1.2 Wine Grapes	31
2.1.3 Making Wine	36
2.2 Skills You Will Need	41
2.2.1 Basic Skills	42
2.2.2 Business Skills	45
2.2.3 Vineyard Skills and Knowledge	50
2.2.4 Winery Skills and Knowledge	54
2.3 Education.....	56
2.3.1 Degree and Certificate Programs	57
2.3.2 Wine Appreciation Courses	62
2.3.3 Business Courses	64
2.4 Informal Learning	65
2.4.1 Work at a Winery or Vineyard.....	65

- 2.4.2 Trade Shows and Other Industry Events67
- 2.4.3 Talk to Winery Owners69
- 2.4.4 Join an Association71
- 2.5 Resources for Self-Study.....74
 - 2.5.1 Books74
 - 2.5.2 Magazines.....75
 - 2.5.3 Online Resources76
- 3. Starting Your Winery78**
 - 3.1 Specialty Niches for Vineyards.....78
 - 3.1.1 Grow Grapes on a Contract Basis.....79
 - 3.1.2 Nurseries.....79
 - 3.1.3 U-Pick Grapes80
 - 3.1.4 Weddings81
 - 3.2 Specialty Niches for Wineries.....82
 - 3.2.1 Fruit Wines82
 - 3.2.2 Virtual Wineries83
 - 3.2.3 Micro-Wineries.....84
 - 3.2.4 Bottling Services.....84
 - 3.3 Options for Starting a Winery85
 - 3.3.1 Buying an Established Winery85
 - 3.3.2 Franchising97
 - 3.3.3 Opening a New Winery103
 - 3.3 Registering Your Business Name106
 - 3.4 Trademarking Your Label108
 - 3.4.1 Trademark Basics.....108
 - 3.4.2 Avoiding Trademark Infringement.....110
 - 3.4.3 Registering a Trademark112

3.5	Your Business Plan	113
3.5.1	What To Include In a Business Plan.....	114
3.5.2	Start-Up Financial Planning.....	120
3.5.3	Business Plan Resources	129
3.6	Start-Up Financing	131
3.6.1	Getting Prepared.....	131
3.6.2	Equity vs. Debt Financing	133
3.6.3	Borrowing Money.....	134
3.6.4	Finding Investors.....	137
3.6.5	Government Programs	139
3.7	Legal Matters.....	141
3.7.1	Your Business Legal Structure	141
3.7.2	Business Licenses.....	147
3.7.3	Licenses to Sell Alcohol.....	148
3.8	Laws Affecting Wineries	150
3.8.1	Winery Compliance Laws	150
3.8.2	Shipping Laws	154
3.8.3	Dry County Laws	157
3.9	Taxes.....	158
3.9.1	Business Tax Considerations.....	158
3.9.2	Special Tax Considerations for Wineries.....	161
3.10	Insurance	164
4.	Setting Up Your Winery	168
4.1	Special Supplies and Equipment You Will Need.....	168
4.1.1	Vineyard Supplies & Equipment.....	168
4.1.2	Winery Supplies and Equipment	172
4.1.3	Vineyard and Winery Suppliers	178

4.2	General Business Equipment and Supplies.....	179
4.3	Winery Software.....	182
4.4	Buying from Wholesaler Suppliers.....	183
4.5	Prices and Terms.....	185
5.	Running Your Winery.....	186
5.1	Vineyard Operations.....	186
5.1.1	Grape Varieties for Your Vineyard.....	186
5.1.2	Terroir.....	190
5.1.3	Viticulture.....	191
5.1.4	Coping with Vineyard Problems.....	194
5.2	Between the Vineyard and the Winery.....	197
5.3	Winemaking Operations.....	203
5.3.1	Preparing the Grapes.....	204
5.3.2	Secondary Fermentation and Bulk Aging.....	205
5.3.3	Unique Processes of Winemaking.....	207
5.3.4	Sugar Content.....	208
5.3.5	Acidity.....	210
5.3.6	Preservatives.....	213
5.3.7	Other Winemaking Considerations.....	215
5.4	Bottling and Labels.....	216
5.4.1	Bottling.....	216
5.4.2	Your Wine Label.....	219
5.4.3	Storing and Shipping Bottled Wine.....	221
5.5	Health & Safety for Wineries.....	222
5.5.1	Plant and Grounds.....	222
5.5.2	Winery Equipment and Utensils.....	225
5.5.3	Winery Personnel Hygiene.....	226

- 5.6 Financial Management227
 - 5.6.1 Bookkeeping.....227
 - 5.6.2 Financial Statements and Reports.....230
 - 5.6.3 Building Wealth239
- 5.7 Employees243
 - 5.7.1 When to Hire Help245
 - 5.7.2 Recruiting Staff248
 - 5.7.3 The Hiring Process251
 - 5.7.4 New Employees255
- 6. Selling Your Wine.....259**
 - 6.1 Pricing Your Wines.....259
 - 6.1.1 General Pricing Guidelines259
 - 6.1.2 Retail Pricing Formulas260
 - 6.1.3 Profit Margin vs. Percentage Markup.....261
 - 6.2 Getting Paid.....265
 - 6.2.1 Accepting Debit Cards.....265
 - 6.2.2 Accepting Credit Cards266
 - 6.2.3 Accepting Payment Online267
 - 6.2.4 Accepting Checks268
 - 6.3 Marketing Your Wines.....268
 - 6.3.1 Advertising.....270
 - 6.3.2 Free Publicity.....275
 - 6.3.3 Promotional Tools.....278
 - 6.3.4 Your Website.....284
 - 6.3.5 Social Media290
 - 6.3.6 Networking and Referrals.....293
 - 6.3.7 Your Grand Opening.....295

6.4	Wine Tastings	298
6.5	Winery Tours.....	302
6.6	Working with Distributors.....	304
6.7	Selling Wine Online	307



1. Introduction

Welcome to the *FabJob Guide to Become a Winery Owner*. And congratulations on choosing such a fascinating and rewarding career. In this book we'll take you through everything you'll need to know to start your own winery or vineyard, as well as where to find additional, helpful resources you will find useful as you embark on your new career.

In this guide we will look at how vineyard owners grow grapes for table wine production and how wine is produced by wineries. You'll also learn how grapes and wine are marketed. We'll explore a variety of aspects of starting your own vineyard and being successful as a vinticulturalist. We'll also introduce you to less traditional ways to start your own winery.

The guide is full of tips and advice to help you through the beginning phase of your new profession and we'll show you where to find even more resources to help you as you progress through the various stages in the development of your vineyard or winery.

So if you're ready to take a closer look at this exciting career, let's get started!

1.1 About Wineries and Vineyards

A winery or vineyard is a business venture, a complex interaction of nature, science, labor, and marketing that all come together to produce a unique product: fine wine. Because of this complexity, as you learn more about the wine industry you will likely discover a number of aspects that you may have been unfamiliar with before. In this guide, we'll give you an insider's view of the industry to help you better understand your new business.

In these pages you'll also encounter a variety of terms that are unique to the industry, some of which are listed below. By the time you are finished reading this book you will be completely familiar with these terms and with many other aspects of the wine industry.

Appellation: A wine's appellation refers to the geographic and climatic area where a vineyard is located that grows the grapes that go into the wine. It is somewhat related to terroir (see below).

Enology: Enology (or oenology, from the Greek word for wine, *oinos*) is the science of wine production. A person who practices enology is an enologist. Enology seeks to improve ways to produce wine commercially, and includes aspects of grape growing, fermentation, chemistry, etc.

Terroir: Terroir is a French term that refers to all the minute characteristics of the growing area and conditions like soil, climate, microclimate, etc., that contribute to a grape's distinctive flavor and by extension the wine's unique flavor.

Varietal: A varietal is a wine made from a particular variety of grape. Regulations specify the percentage content of a varietal for labeling purposes, usually 75% or more.

Vintage: This term refers to the particular wine produced by a particular winery from a one particular season. Vintage can refer to both the grapes and the wine produced from it.

- Vintner:* Generally, the term “vintner” applies to wine grape producers, winery proprietors, and wine merchants. In this guide, we will use the term vintner to include both vineyard owners and winery owners. Although a vineyard owner cultivates and grows the grapes that go into the production of wine, a vineyard owner may or may not own winemaking facilities.
- Viticulturalist:* A viticulturalist (also viniculturalist) is a person who grows grape vines to produce market-quality grapes. The term viticulture is also applied to the science of growing grapes.
- Viticulture Area:* A VA is a special area that is formally recognized as a prime grape growing area. Think of it as a geographic pedigree for wine.
- Vitis Vinifera:* This is the species of grape vine that most vineyard owners grow in order to produce commercial grade grapes for wine production. Hybrids, grafts, and clones are commonly used to produce disease resistant varieties as well as varieties that are hardier in cold climates.

You’ll learn more about these aspects of the wine industry, and more, later in this guide.

1.1.1 Types of Wineries

Traditional Wineries

As the owner of a traditional winery, your primary purpose is to produce wines. A winery produces wine, then bottles it, and sells it either to wholesale distributors or to retail purchasers. You may have a number of permanent full-time employees and hire additional workers during the post-harvest crush and during bottling. In addition to these workers, you might also employ a wine scientist or technician to monitor the fermentation process and ensure the quality and safety of the finished product. Wine science, or enology, is an extremely important component of the vintner’s art.

Once grape juice has been fermented into wine and the wine aged and tested extensively, it is ready for bottling. This is the point at which the wine is ready for sale, either to the public directly or through one or more distributors. Distributors will want to know more about your wine and to discuss with you the possibility of making your products part of their always-growing catalogs. After you find a distributor or distributors for your product, they will pass it along to restaurants, wine stores and private consumers. You might see your wines listed on restaurant wine lists and displayed in wine stores across the country.

Your winery may or may not own a vineyard. Instead, many winery owners purchase grapes or grape juice from nearby vineyards or even from vineyards far away from their winemaking facilities. Some even buy grapes or juice from other wineries. Still others buy finished wines and blend them to produce their own unique wine products. These are known as “virtual wineries”.

Virtual Wineries

Later in this guide, we’ll detail how virtual wineries operate. A virtual winery is a company that does not produce its own grapes or even its own vintages. Instead, a virtual winery purchases finished wines from wine producers and blends its own unique products from those wines.

Virtual wineries can produce wines in different ways. Wines of a single varietal can be blended to produce a unique varietal wine, or different varieties can be blended to create a wine that exists nowhere else. Creating such wines is an art in itself, since you will need a discerning nose to blend wines in this way and come up with a product that tastes good.

These types of unique blends offer unique opportunities for marketing your label. Their very uniqueness lends itself well to creating a theme or marketing concept that more traditional wineries would never get away with. For example, one winery owner we interviewed for this book has created a line of blended wines around a shark theme. She uses her wines to promote awareness of shark conservation and research and donates a portion of the winery’s profits to this cause.

There are regulations that apply equally to all wine producers and some of the most important rules affect how wines are labeled.

These are particularly important to the virtual winery owner because they govern how blended wines can be labeled and marketed. For example, you could produce a blended Merlot from wines produced by several different wineries, even wineries from different countries. According to U.S. regulations, as long as 75% of the wine has been produced (or blended) from a single grape variety, the wine can be labeled a varietal wine. Keep in mind that some areas have stricter regulations than the national standards. You'll learn more about regulations that pertain to wineries and vineyards in Chapter 3.

Micro-Wineries

One type of winery operator that we'll look at in this guide is the micro-winery owner. Micro-wineries are facilities for producing wines on behalf of individual clients, usually home winemakers in the community who have a desire to produce a better quality wine than they can produce with their own equipment at home. For the most part, micro-wineries are franchises in which you invest your own capital in order to take advantage of the benefits provided by the franchise company's reputation, industry experience and brand recognition, although buying your own equipment and operating independently is certainly an option.

As a micro-winery owner, your tasks will be similar to those of a winery owner as discussed above. Again, cleanliness and healthful practices are extremely important. You'll also have to keep your winemaking facilities in excellent working order. Your customer base will be somewhat different from those of the traditional winery, though, since you will cater more to individual wine hobbyists, rather than distributors.

Micro-winery owners are as much retailers as they are anything else. Just like a wine retailer, you will greet customers and help them to determine their purchase needs. You will guide them through choosing a particular type of must to produce a particular type of wine. In short, you will help them through the process of successfully making their own wines from start to finish.

You might possibly start out in this career as a franchisee of one of the large national micro-winery franchise companies. They will educate you in their business model, help you with advertising and marketing,

assist in purchasing equipment and in facility construction, and so on. If you feel that you're not ready to open a full-scale winery before you further develop your viticulture, winemaking or business skills, then becoming a micro-winery owner might be your best option. Most of the information in this guide is equally applicable to you.

1.1.2 Types of Vineyards

If you decide to include a vineyard in your winery operations you will have much more control over the grapes that go into your wines. As a vineyard operator you will constantly be learning more and more about modern viticulture techniques, which, like those of winemaking, have become very scientific. You will need to know how to select a good location in which to start your vineyard, then start planning irrigation, trellising, fertilization, and canopy management processes in order to maximize fruit quantity and quality. By careful grape husbandry and vineyard management you will be able to produce grapes that fit exactly into your vision of what a perfect wine should be.

Commercial Grape Grower

You may decide to become solely a vineyard owner who grows grapes commercially and offer your harvested whole or crushed grapes and juice to wineries for wine production. Instead of producing wine yourself, you will sell your produce to wineries in your area or even across the country.

As an independent vineyard owner who does not have winemaking facilities you will manage your vineyard operations according to all the same principles as those noted above. You may also crush your grapes to produce juice that you will likewise market for sale to vintners who do not have their own grape growing facilities. In this case, you will spend your days caring for your vines, making sure your equipment is in good working order and ready for the next harvest and crush season.

As a vineyard operator you will be providing employment for a large number of people. Although much of the work is seasonal, centered on the grape harvest, you will likely provide permanent full-time work for a few people to tend the vines and take care of maintenance, trellising, training and a variety of other jobs necessary to keep the vineyard running smoothly and the plants healthy and thriving.

U-Pick Vineyard

Another type of vineyard that has emerged in recent years is the “pick-your-own” vineyard. Offering this service is an excellent way to earn income while developing your vineyard toward commercial production.

Must Producer

Many vineyards provide grape juice (or “must”) to companies that package and sell the must to home winemakers. The home winemaking industry has grown very quickly in the past two decades and consumers can find must from vineyards as far away as Australia at their local home winemaking supply store. Additionally, the must may be sold to micro-wineries where specialty wines are produced for the retail market or wines are produced by hobbyists for their own consumption.

Whichever type of vintner you decide to be you will reap the benefits of self-employment in a fast-paced and prestigious field. How many other careers offer you the chance to become a world-renowned expert in your field and have your product become a household name, enjoyed by millions of people across the country and around the world?

1.2 Growth of the Wine Industry

1.2.1 Wine Production and Retail Sales

As you’re probably aware, since you’re interested in owning your own winery, wine is a consumer product that is constantly in demand. In fact, the growth in wine consumption in North America has risen dramatically in the past 15 years or so. According to statistics published by the Wine Institute in 2015, total U.S. wine sales—including imports—have exhibited 22 straight years of growth. Sales increased from 1998’s 221.1 million cases (of twelve 750ml bottles) by 45% to 2008’s 320.6 million cases. And although the growth rate has decreased a bit, the increase from 2004’s 278.8 million cases to 2014’s 375.4 million cases is still a healthy 34% growth in just the last decade.

The Wine Institute also reports that in 1998, the United States produced 494 million gallons of wine, and in 2008 619 million gallons, representing a 25% increase over that 10-year period. From 2004's 608 million gallons to 2014's 835 million gallons was an increase of 37% in the last decade.

Note: One case (of twelve 750 ml bottles) of wine is 9,000 milliliters (nine liters). One gallon of wine is 3,785 milliliters. To convert cases (of twelve 750 ml bottles) to gallons, multiply (number of) cases by 2.3775.

The alert reader will notice that total sales of wine (both domestic and imported) have increased faster than domestic production of wine. The opportunity exists for niche wineries to exploit the recent trend toward sourcing local products. Although California accounts for around 90% of domestic wine production, according to the U.S. Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau, in 2015, wine is being produced in 41 of the 50 states.

Statistics for the Canadian wine industry are available at the Agriculture and Agri-Food Canada website.

Organizations like the Wine Institute and Wine Vision actively promote the wine industry both domestically and globally in an attempt to heighten awareness of and opportunities for domestic wine products. According to statistics provided by the Wine Institute, in 2015, the USA led the world in total wine consumption with 3,318,900,000 (over 3 billion!) liters; France coming in second with 2,270,000,000 liters; Germany and Italy effectively tied at 2,050,000,000 liters. The current trend appears to be toward 'premiumization' (more expensive and high quality products), following the lead of craft beer.

1.2.2 New Opportunities

At one time, the only place that wine grape growing activities on a commercial scale could be found in the U.S. was in California, mainly in places like the Napa and Sonoma Valleys. Today, the number of wineries in California continues to expand, but you can also find wineries in places like Maine, Wisconsin, Washington, Idaho, Ontario, Nova Scotia, and British Columbia, just to name a few. In fact there are

viticulture areas in almost every state in the U.S. and in many Canadian provinces.

Changes and improvements in viticulture science have produced a variety of new techniques and hardier grapes that can be grown almost anywhere a sufficiently long growing season is available. In fact, it's probably reasonable to suggest that no matter where you live in North America you'll find a viticulture area not too far away.

In addition to improvements in viticulture, there has also been growth in specialty niche markets within the wine industry creating new opportunities for winery owners. The traditional winery business in which the winery owns its own vineyards and produces its own grapes is still the primary means of producing table wines, but wineries that specialize in blending finished wines purchased from the more traditional wineries, sometimes referred to as "virtual wineries," are also on the rise.

This relatively new business model has seen great success and includes labels like Charles Creek Vineyards, Firesteed Winery, Shark Trust Wines, and many others. Virtual wineries don't own the vineyards or often even the facilities to produce finished wine, but instead use co-op facilities or rent equipment at existing wineries. Brand recognition and marketing are the primary keys to success as a virtual vintner.

In becoming a winery or vineyard owner you are about to enter a vibrant industry with a wealth of opportunities for the entrepreneur.

Major Milestones in the History of North American Wine Production

- 1500-1600: Wine and wine grape vines reach North America from Europe; Mexico and what is now California start producing wine domestically; other areas in North America are not as successful
- 1860: First modern formal documentation of viticulture techniques by Dr. Jules Guyot
- 1863: Accidental introduction of *phylloxera vastatrix*, a type of vine root louse, to Europe, which devastates European vineyards over the next two decades; in an attempt to stop the devastation, European *vitis vinifera* vines are grafted onto American *vitis riparia* root-stocks, which are resistant to the pest, creating a hardier hybrid
- 1919-1933: Prohibition Era nearly destroys the North American wine industry
- 1933: Ernest and Julio Gallo establish their first winery; become pioneers in branding, marketing and advertising wines to a national market and help to popularize wine in America
- 1968: Sales of table wine in the U.S. surpass dessert wine sales for the first time
- 1990s: The Internet creates new marketing opportunities for wine retailers
- 1998: Establishment of Free the Grapes!, a national association of wineries, wine retailers and consumers, lobbying to change direct-to-consumer laws to allow online wine retailing without using distributors; vigorously opposed by Wine & Spirit Wholesalers of America, an organization representing distributors

1.3 Benefits of Being a Winery Owner

If you've been looking for a career that offers excitement, freedom, and financial independence, then this is the one for you. If bringing pleasure to others, personal freedom, or building a legacy through your own personal wine label appeal to you, then you've found the right business. Being a winery owner offers these opportunities and more.

Bring Pleasure to People

As a winery owner you'll bring pleasure to countless thousands of people now and into the future. Imagine your label being presented to diners at a fine restaurant, toasted at celebrations of all kinds, talked about and reviewed and desired by everyone who comes in contact with it. You'll be part of people's daily lives, bringing pleasure to them in ways you can't even begin to imagine.

Freedom

Owning your own business will give you freedom in numerous ways. If you're coming into this industry from a full-time day job, think of the independence you will have by being your own boss. No more nine-to-five, and you can come and go as you please.

Once you're up and running and successfully producing your grape crop or wines, you will experience the thrill of financial freedom. You'll also have the freedom to experiment with new wines, develop something unique, and express your creativity.

Benefit Your Community

As a winery owner you may also benefit your local community. Many wineries become popular tourist destinations because of the winery tours they offer or that are offered through local or regional tourism companies. As a result, you will help to bring in extra income for other people in your area who are also involved in the local tourism industry. Restaurants, hotels and motels, bed and breakfasts and many other businesses that cater to tourists will all benefit from the presence of your winery.

Many other businesses will also benefit as a result of your decision to become a winery owner. You will do business with trucking companies, bottling companies, distributors and possibly nearby vineyard owners. As a result of all this activity centered on your winery, you will contribute to the local job market and become a major part of the local economy.

Some wineries also use their brands to promote a special cause. For example, Shark Trust Wines president Melanie Marks told us “the wine brand affords me valuable real estate with which to educate the consumer about ocean issues.” Marks uses profits from the sales of her wines to help fund shark conservation and research. This concept can be applied to almost any cause that you might have an interest in.

Build a Legacy

Many people are enchanted by the romantic notion of owning their own estate winery. As you’ll discover while reading this guide, starting and operating a winery is a lot more work than it seems to be in movies like *A Walk in the Clouds* or *French Kiss*. But just imagine that you will have the opportunity to create a lasting legacy. Some family wineries have been operating literally for generations. You will have the opportunity to make your wine business a lasting, respected part of the local community.

Another aspect of this is that wineries are often a family business. A number of the experts we consulted mentioned working together with other family members to create a strong and lasting business as a benefit of owning their own winery.

1.4 Inside This Guide

The FabJob Guide to Become a Winery Owner is organized to help take you step-by-step through the basics you will need to open and operate your own winery. The chapters are organized as follows:

Chapter 2 (“*Developing Your Skills and Knowledge*”) explains how to learn the skills you will need as a winery owner. We’ll introduce you to the basics of viticulture and wine and then cover ways to learn more about these topics. You will also discover how to learn from other winery

owners and where you can look for opportunities to work at a winery. You'll also find resources for learning more on your own.

Chapter 3 ("*Starting Your Winery*") will help you decide what kind of winery you should open. This chapter discusses different specialty niches for wineries and vineyards, and will help you decide whether to buy an existing winery, operate a franchise, or open a new winery. It also explains what you need to get started, including your business plan, start-up financing, winery name, trademarking your label, and other important matters.

Chapter 4 ("*Setting Up Your Winery*") offers the information you need to actually set up your new business. It gives advice on supplies and equipment you'll need, software you might want to invest in, and where to buy it all.

Chapter 5 ("*Running Your Winery*") takes you into the day-to-day challenge of running your winery once it's open. It explains vineyard and winemaking operations in detail. It also covers bottling and labeling your wines, as well as introducing you to the health and safety issues you'll need to know about in your winery. This chapter also covers financial management, working with staff and more.

Chapter 6 ("*Selling Your Wine*") will show you how to price your wines. We'll also introduce you to ways you can market your wine to potential customers. We'll look at ways you can make people more aware of your brand and offer some ideas about special events you can hold at your winery to get people interested. Finally, we'll offer some advice about working with distributors and how to sell your wine online.

By following the steps in this guide, you will be well on your way to living your dream — opening your own successful winery.

You have reached the end of the free sample of the *FabJob Guide to Become a Winery Owner*. To order and download the complete guide go to www.fabjob.com/program/become-winery-owner.