

# Moving the Needle on Winery Profits

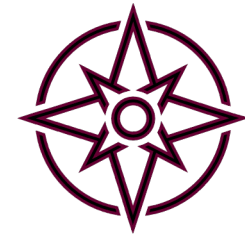
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# Three Questions to Answer

- » Where do you want to go?
- » Where are you now?
- » How will you get there?

# Where are you heading?



	\$ FINANCIAL	CUSTOMERS	O PERATIONS	P EOPLE	E ND in MIND
Do Well			Record your Wins		
Could do Better	We start and stop here!				
Ideal Outcome	What is your Financial Goal?				Why did you become a winery? What is your exit strategy?



Where are you now?

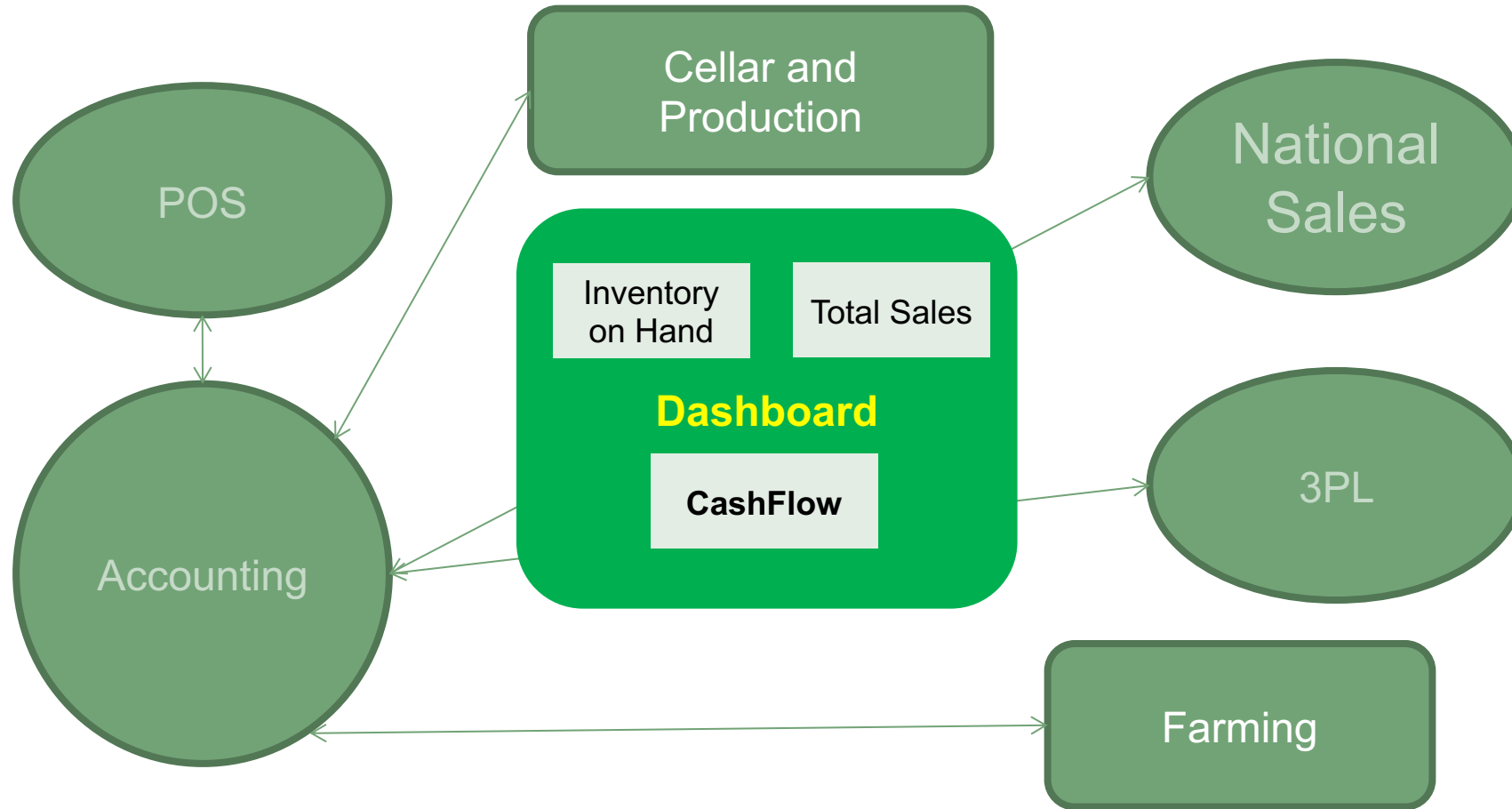




Establish  
your  
Baseline



# Gather Information





# Changes needed?

- ◉ New reporting
- ◉ New chart of accounts
- ◉ Different tools
- ◉ Increased sharing with team members

How will you get there? 

# A business is made up of:



# Financial – Historical Focus

If you want to measure outcomes  
the focus is on:

$$\text{Revenue} - \text{Expenses} = \text{Profit}$$

(Lagging Indicators)

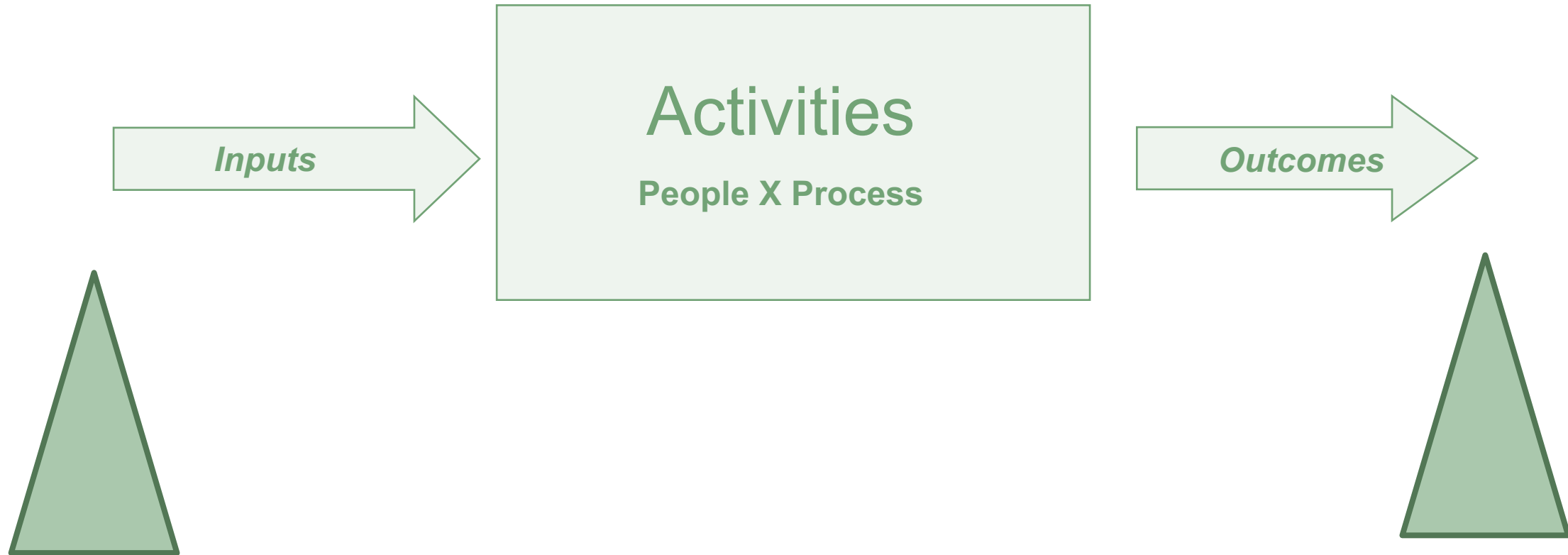
# Business – Future Focus

If you want to influence outcomes  
the focus needs to be on:

**People X Process = Profit**

(Leading/Predictive Indicators)

# A business is made up of:

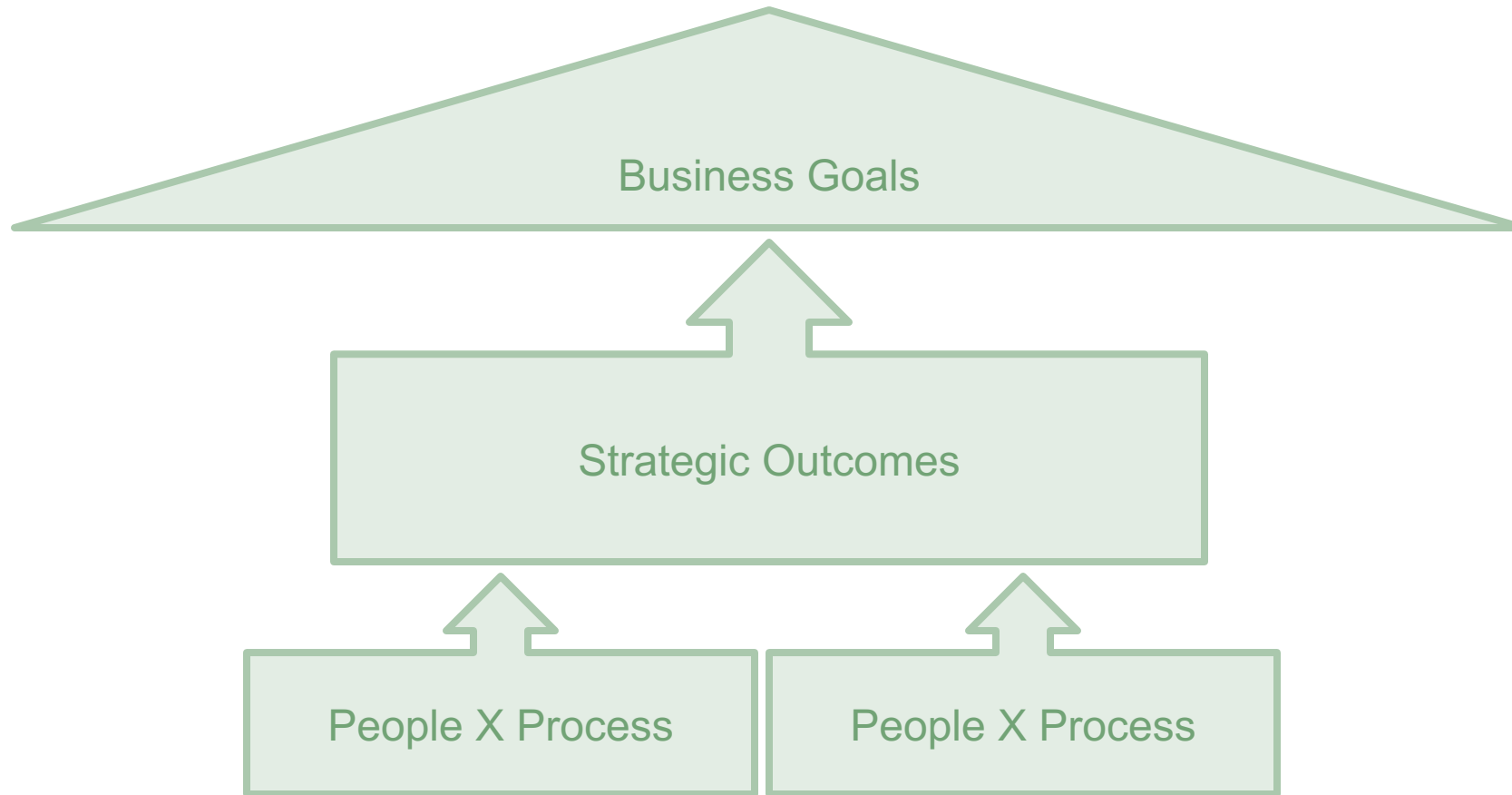




# Team Engagement, Empowerment, Accountability



# The Lead Domino Theory



# Impacting those Ideal Outcomes

- ◉ Model to educate the team on levers they can push
  - ◉ Team decides which lever, and how to improve
  - ◉ What to measure
- 
- ◉ Profit Equation Planner model

# Profit Equation Planner

	A	B	C	D	E
32					
33		<b>Analysis</b>	<b>Current</b>	<b>Incremental Change</b>	<b>Result</b>
34		Monthly revenue impact of volume increase	\$ 505,300	\$ -	\$ 505,300
35		Monthly revenue impact of mix change	\$ 505,300	\$ -	\$ 505,300
36		Monthly revenue impact of price increase	\$ 505,300	\$ -	\$ 505,300
37					
38		Combined monthly revenue impact of mix + price increase	\$ 505,300	\$ -	\$ 505,300
46					
58					
59		<a href="mailto:geni@bdcocpa.com">geni@bdcocpa.com</a>			
60		Via Mentor PLUS Level 5 Advisor Certification	Change information in the yellow (what if) cells below to		
61					
62					
63					
1					
2		<b>Le Cou Rouge Winery Profit Equation Planner©</b>			
3		<b>Retail</b>			
4				<b>What If</b>	
5		<b>Volume Calculations</b>	<b>Current</b>	<b>Incremental Change</b>	<b>Result</b>
6		Days open	260		260
7		Average Number of visitors per day	22		22
8		Number of visitors buying per day	10.00		10.00
9		Conversion Ratio	45.45%		45.45%
10		Average Cases per Customer per day	0.3846		0.3846
11		Total cases sold	1000.00		1,000.00
13		<b>Price Calculations</b>	<b>Current</b>	<b>Incremental Change</b>	<b>Result</b>
14		<b>A. Mix</b>			
15		Chardonnay	41.000%		41.000%
16		Cabernet	49.000%		49.000%
17		Cab Franc	10.000%		10.000%
31			100.0%		100.00%



# Measures are set by Teams

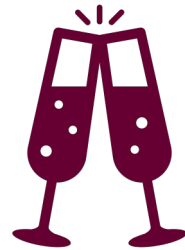
- ◉ KPI (Key Performance Indicator) – goal
- ◉ Activity Input Measure –
  - What activities impact the KPI above?
  - What will we count?



# Make Measures Visible

- ◉ Measure
- ◉ Revise
- ◉ Learn

# Arrive at Your Destination



# Questions?



# Thank you!

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