

# Understanding Winery Financial Results

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# Overwhelmed by Data?



# New Questions

What should  
I measure?  
(Current)

When  
should I  
measure?

Why should  
I measure?

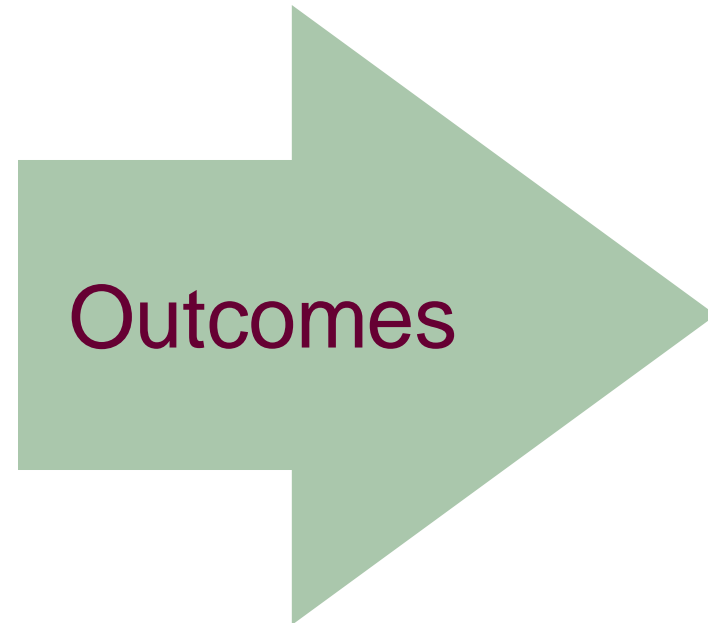
# Current question

## What should I measure?

# Financial – Historical focus

If you want to **measure** outcomes  
the focus is on:

**Revenue – Expenses = Profit**



# Three goals = Three statements

1. To sell our goods and services for more than it costs us to provide them

**Income Statement**

2. To maintain a healthy cash flow to keep the company running

**Statement of Cash Flows**

3. To get a return on our investment

**Balance Sheet**

Olive Tree Winery  
Income Statement for the Year Ended  
December 31, 2024

2024

<b>REVENUE:</b>	
Wine sales	350,000
Cost of wine sold	(187,500)
Events (net)	20,000
Gross Profit	162,500
<b>OPERATING EXPENSES:</b>	
Sales	42,500
Marketing	22,100
Salaries and Wages	52,000
Rent	20,000
Utilities	12,000
Operating Expenses	148,600
Operating Income (Loss)	13,900
<b>INTEREST AND OTHER:</b>	
Interest expense	(1,000)
Other income and expenses	2,000
Income Before Taxes	14,900
<b>INCOME TAXES</b>	3,900
Net Income (Loss)	11,000

**Profit =  
Revenue – Expenses**

} Above the line

} Department  
Focus

EBITDA

Bottom Line

**EBITDA – Manageable Earnings**

Earnings Before Interest, Taxes,  
Depreciation, Amortization



Olive Tree Winery  
Income Statement  
for the Year Ended December 31, 2024

**Profit =  
Revenue – Expenses**

*Did I make a profit?*

Revenue	350,000
Cost of Sales	(187,500)
Gross Profit	20,000
Operating Expenses	148,600
Operating Income (Loss)	13,900
INTEREST AND OTHER:	
Interest expense	(1,000)
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Net Income (Loss)	11,000

} Above the line

} Department

Bottom Line



Olive Tree Winery  
Balance Sheet  
as of December 31, 2024 and 2023

2024      2023

$$\text{Equity} = \text{Assets} - \text{Liabilities}$$

Arranged in  
order of liquidity

Most easily  
converted to  
cash

ASSETS		
CURRENT ASSETS:		
Cash <sup>[1]</sup>	25,650	29,350
Accounts receivable	38,150	35,000
Wine inventory	284,350	269,650
Other current assets	10,000	19,000
Current Assets	358,150	353,000
PROPERTY AND EQUIPMENT	325,000	297,000
Accumulated depreciation	(15,000)	(4,850)
Property and Equipment, net	310,000	292,150
OTHER ASSETS	10,000	17,000
Assets	678,150	662,150

What  
you  
Own

LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accruals	10,000	2,000
Credit line	25,000	9,650
Current portion of long-term debt	7,650	1,000
Current Liabilities	42,650	12,650
LONG-TERM DEBT	200,000	225,000
Liabilities	242,650	237,650
STOCKHOLDERS' EQUITY	435,500	424,500
Liabilities and Equity	678,150	662,150

What  
you  
Owe

Accumulated Earnings

Olive Tree Winery  
Balance Sheet  
as of December 31, 2024 and 2023

$$\text{Equity} = \text{Assets} - \text{Liabilities}$$

ASSETS		2024	2023	
CURRENT ASSETS:				
Cash <sup>[1]</sup>		25,650	29,350	What you Own
Accounts receivable		38,150	35,000	
Wine inventory		284,350	269,650	
Other current assets		10,000	19,000	
		358,150	353,000	
Property, plant, and equipment		225,000	297,000	What you Owe
			(4,850)	
OTHER ASSETS				
Assets				
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accruals		10,000	2,000	What you Owe
Credit line		25,000	9,650	
Current portion of long-term debt		7,650	1,000	
Current Liabilities		42,650	12,650	
LONG-TERM DEBT		200,000	225,000	Accumulated Earnings
Liabilities		242,650	237,650	
STOCKHOLDERS' EQUITY		435,500	424,500	
Liabilities and Equity		678,150	662,150	

Arranged in  
order

Most easily  
converted to  
cash

What is my business worth?

Olive Tree Winery  
Statement of Cash Flows for year ended  
December 31, 2024

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**OPERATING CASH FLOW:**

Net Income	11,000
Depreciation	300
AR increase	(3,150)
Inventory increase	(14,700)
AP increase	8,000

Operating Cash Flow	8,150
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**INVESTING**

Other current Assets	9,000
Property And Equipment	(17,850)
Cash Increase (Decrease)	(8,850)

**FINANCING**

Long-term debt	(18,350)
Credit line	15,350
Cash Increase (Decrease)	(3,000)

CASH BALANCE, beginning of year	29,350
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CASH BALANCE, end of year	25,650
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Keeps the business  
running



Olive Tree Winery  
Statement of Cash Flows for year ended  
December 31, 2024

OPERATING CASH FLOW:

Net Income	11,000
Depreciation	300
Decrease	(3,150)
Decrease	(14,700)
	8,000
	7,150
Other	
Property And	
Cash Increase (Decrease)	
FINANCING	
Long-term debt	(18,350)
Credit line	15,350
Cash Increase (Decrease)	(3,000)
CASH BALANCE, beginning of year	29,350
CASH BALANCE, end of year	25,650

Keeps the business  
running

Did I generate cash?

Can I meet  
payroll?

# Three goals = Three statements

1. To sell our goods and services for more than it costs us to provide them

**Income Statement**

**Net Income**

2. To maintain a healthy cash flow to keep the company running

**Statement of Cash Flows**

**Operating Cash Flow**

3. To get a return on our investment

**Balance Sheet**

**Return on Assets**

# Three goals = Three statements

1. To sell our goods and services for more than it costs us to provide them

**Income Statement**

**Net Income**

2. To maintain a healthy cash flow to keep the company running

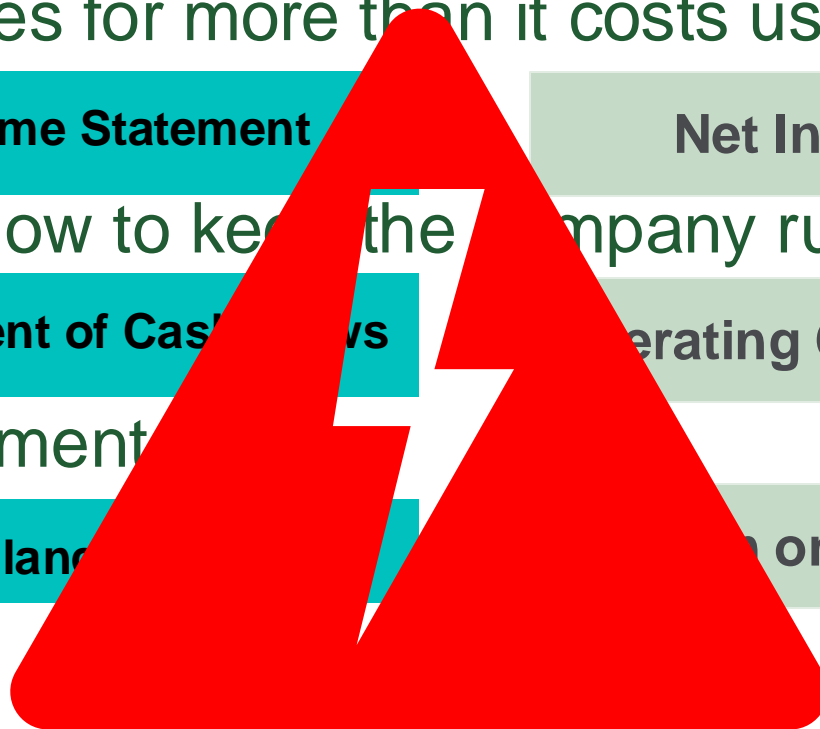
**Statement of Cash Flows**

**Operating Cash Flow**

3. To get a return on our investment

**Balance Sheet**

**Return on Assets**



How do I fix it?



# What is a business?



Concepts via Level 5 Methodology from: [www.mentorplus.com](http://www.mentorplus.com)



# Business – When do we measure?



# Business – When do we measure?



# Types of measures – Leading versus lagging



# Different questions

## When should I measure?

# Types of measures



Plan a trip –  
starting point

# Types of measures

Plan a trip –  
Arrive at our  
destination



# Lagging measurements

Lagging indicators



# Financial – Historical Focus

If you want to measure outcomes  
the focus is on:

**Revenue – Expenses = Profit**

(Lagging Indicators)



# Lagging Indicators – useful starting point

- ◉ Revenue per employee
- ◉ Average order value
- ◉ Sales per day
- ◉ Net Income per Month
  
- ◉ AR days sales outstanding
- ◉ Inventory turns



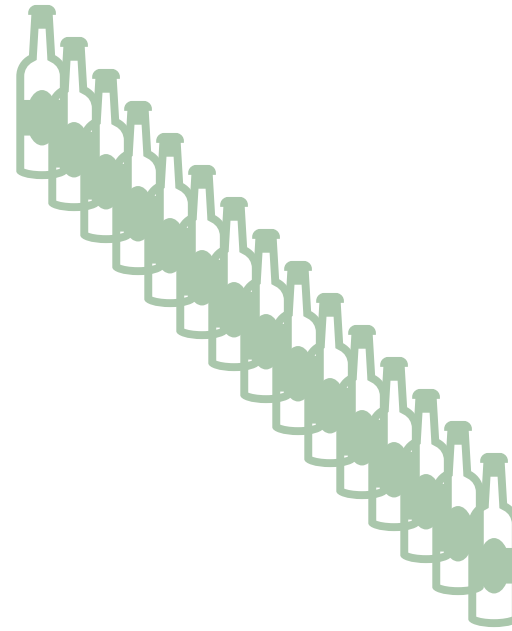
# Other Measures

Compare:

- ◉ Growth in Sales (%)
- ◉ Growth in Inventory (%)

Action in the future

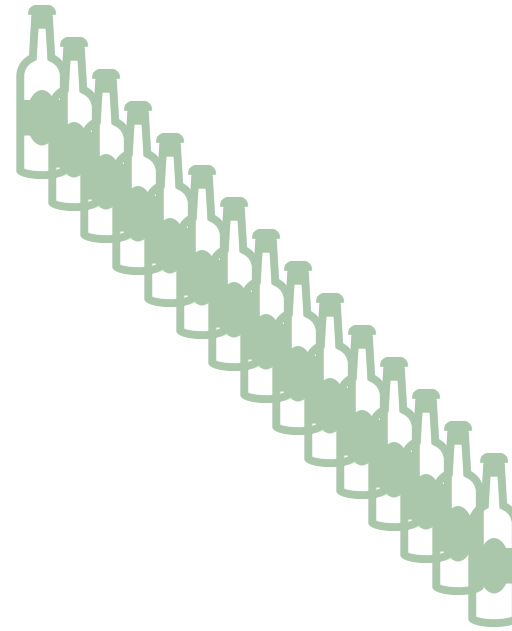
- ◉ Reduce production
- ◉ Lower inventory



# Other Measures

Compare:

- ◉ Growth in Sales (%)
- ◉ Growth in Inventory (%)



Action in the future

- ◉ Reduce production
- ◉ Lower inventory

We have a problem!



# Types of measures

Plan a trip –  
Arrive at our  
destination

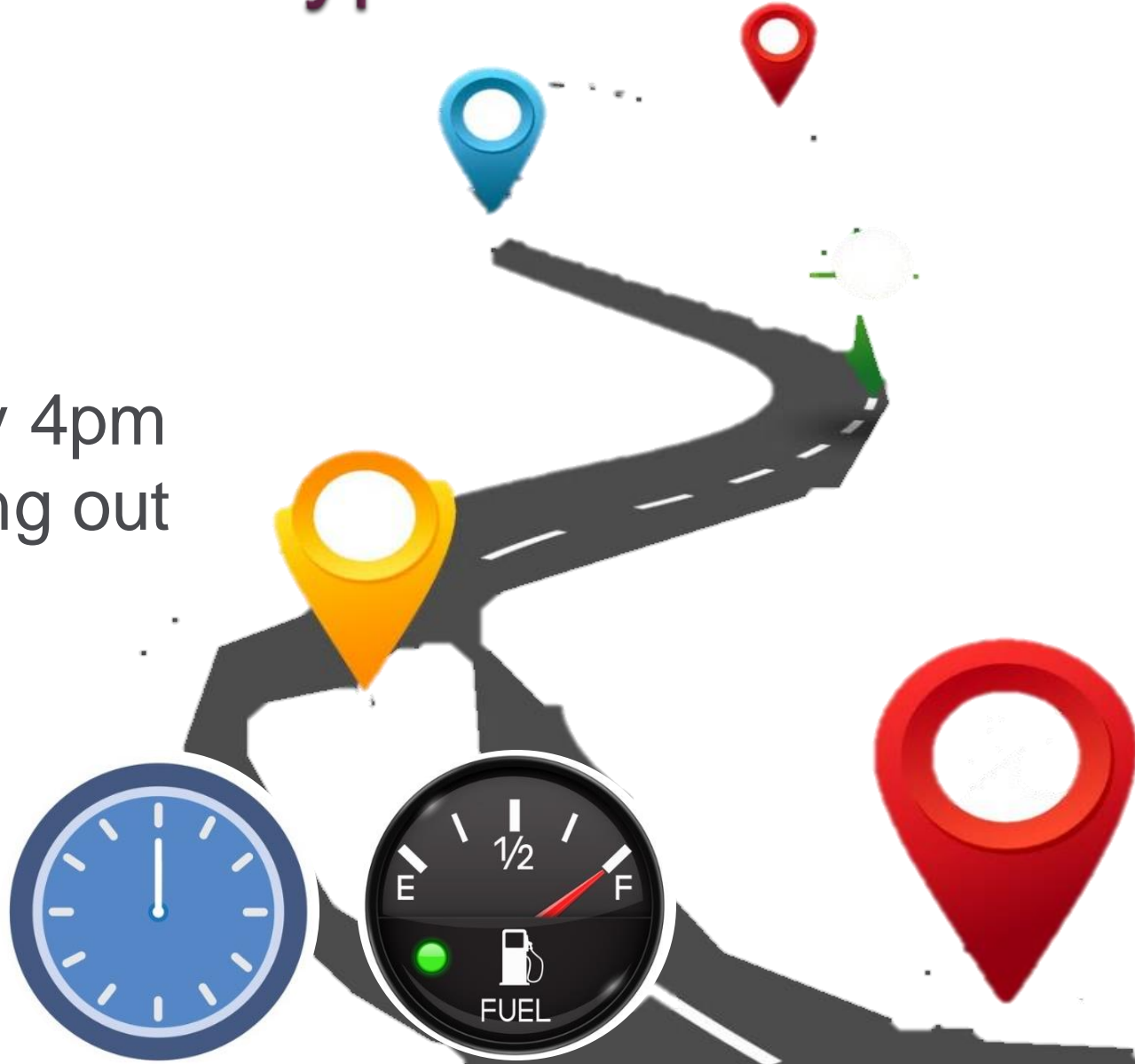


Arrived Late!

# Types of measures

## GOAL:

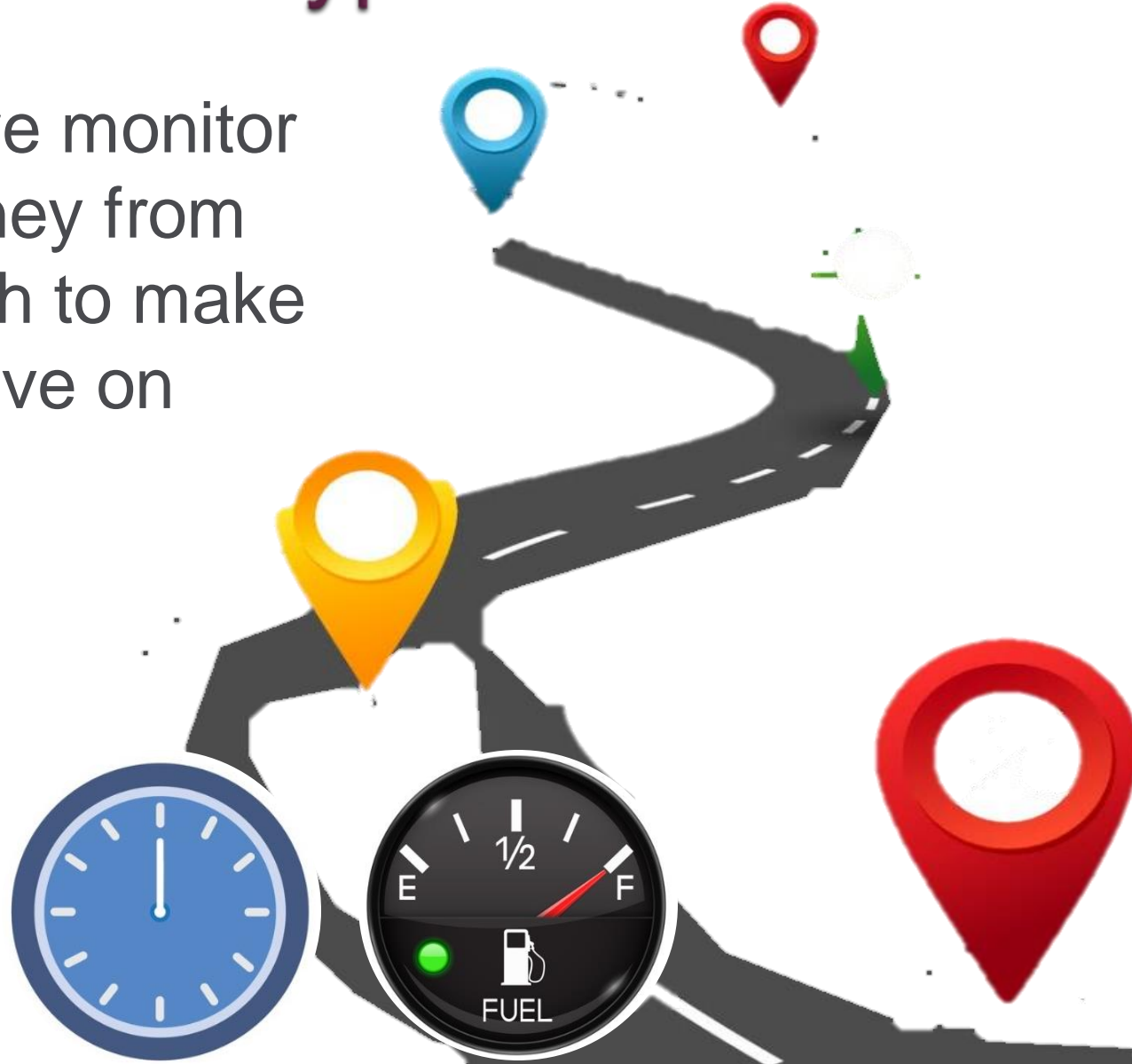
Arrive at our destination by 4pm without running out of gas.



# Types of measures

What can we monitor on our journey from start to finish to make sure we arrive on time?

What actions determine our ability to arrive on time?

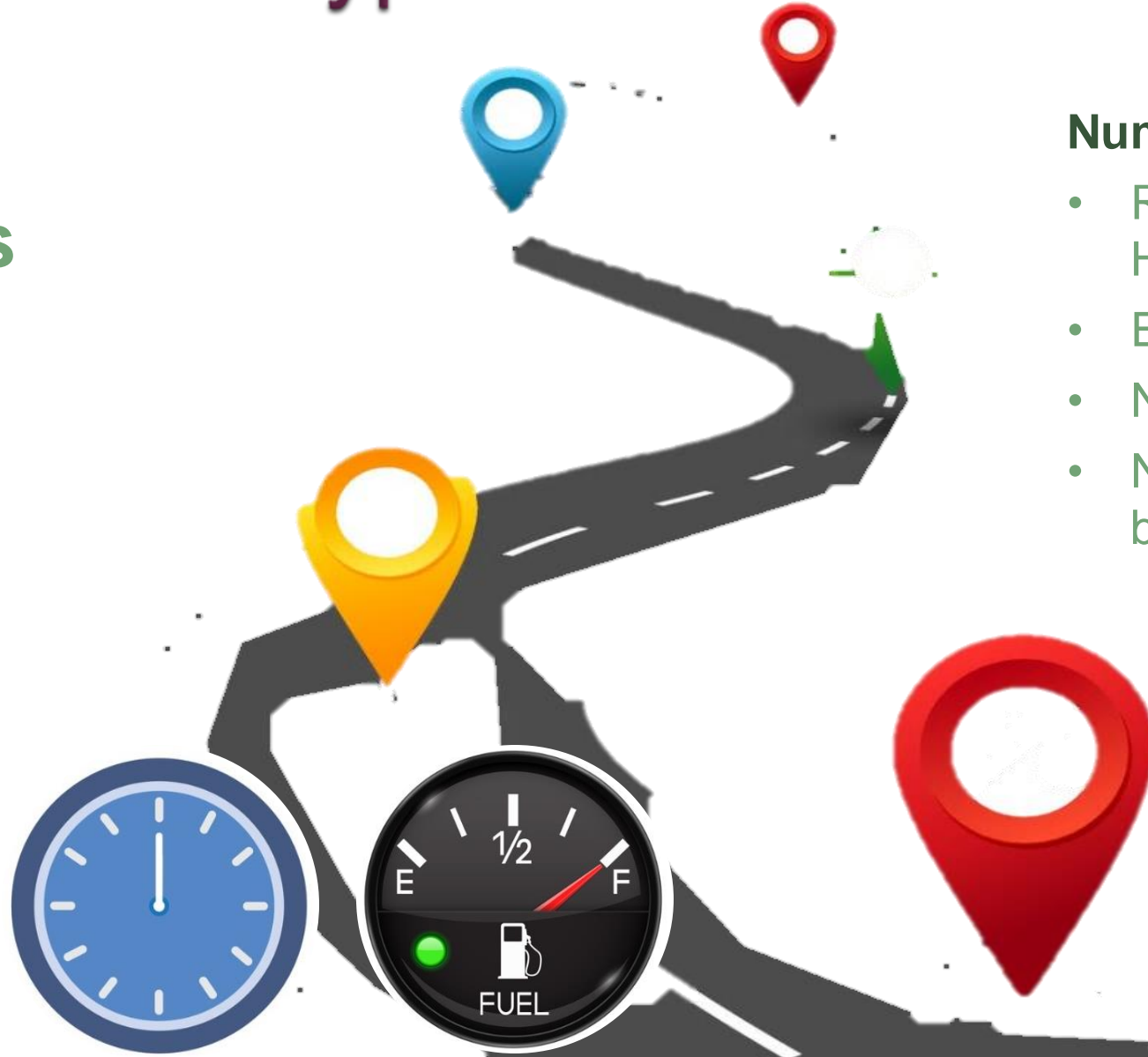


# Types of measures

## Leading indicators

### Number of miles to cover

- Rate of Speed = Miles per Hour
- Efficiency = Miles per Gallon
- Number of fueling stops
- Number of refreshment breaks needed





# Types of measures – Leading versus lagging

## Lagging indicators



- Travelled 120 Miles
- Time = 2:00
- Amount of Fuel =  $\frac{1}{2}$  tank



# Different questions

## Why should I measure?

# Measures should drive behavior



# Business – Future Focus

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

**People X Process = Profit**

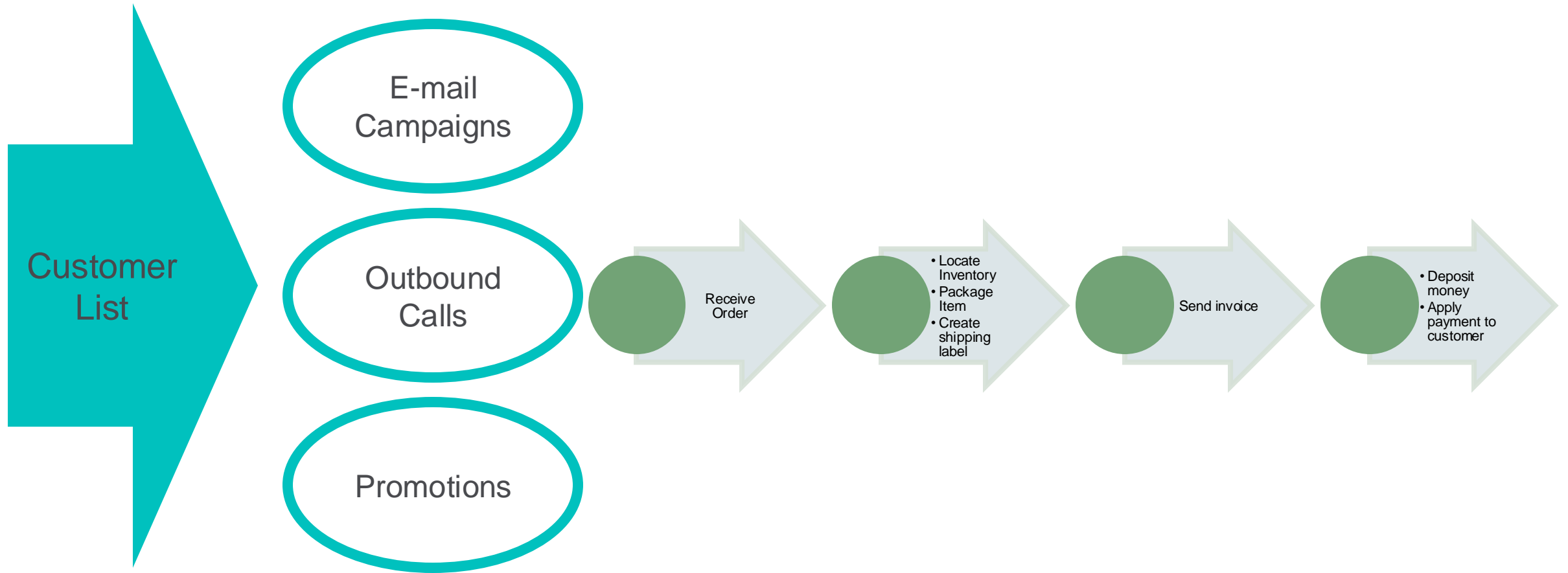
Leading Indicators

# Team Engagement, Empowerment, Accountability



# Drivers of Sales?

# Sales – Business process



# Sales– Input measures

- ◉ **Leading Indicators of Future Sales**

- ◉ # Email addresses captured
- ◉ # Email campaigns conducted
- ◉ # Outbound calls
- ◉ Percentage of bounced emails
- ◉ Click through rates
- ◉ Average Opens/ Campaign
- ◉ # Cancelled Orders



# Visitor Traffic – Community Benchmark

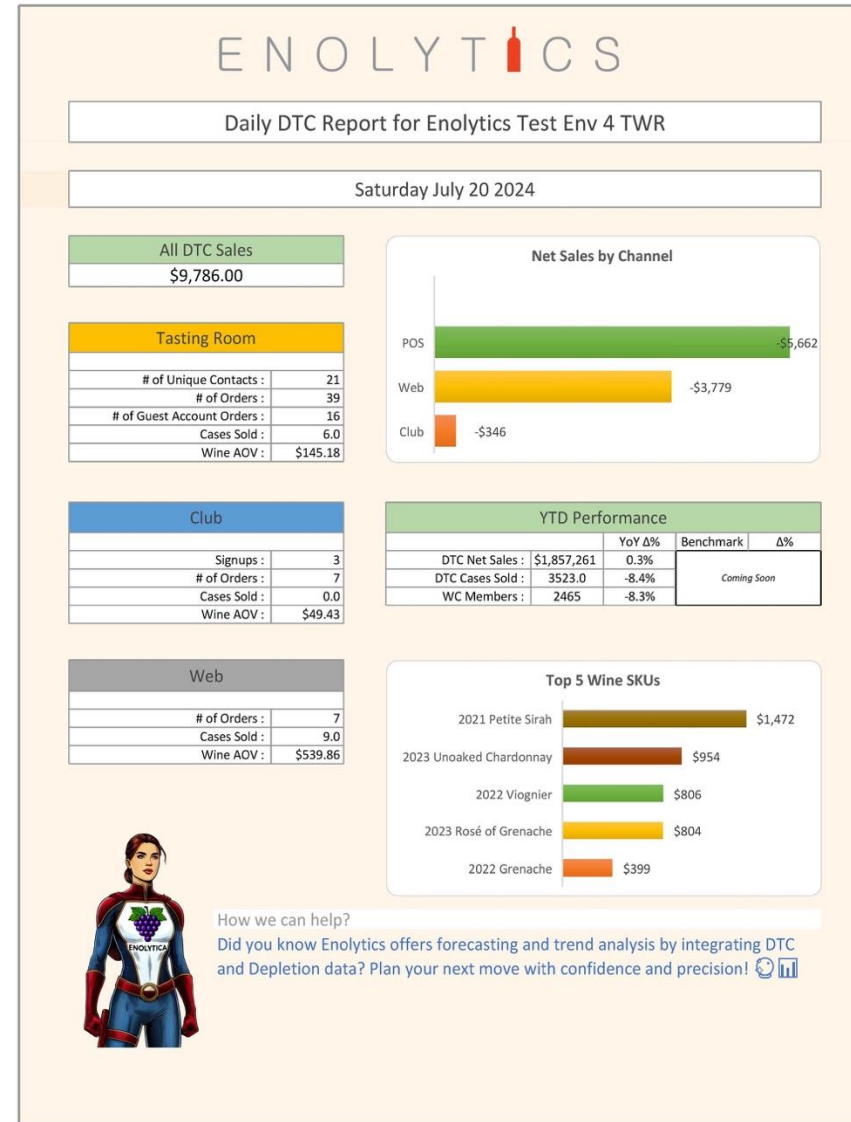
...			
Region ^	^ Visitors % Change YOY	^ TR Sales % Change YOY	^ Total DTC % Change YOY
Central Coast	-2.8%	-3.5%	-10.9%
Lodi	0.6%	2.1%	-0.0%
Napa Valley	-0.1%	-1.0%	6.0%
Sierra Foothills	10.8%	22.1%	28.4%
Sonoma	8.1%	-0.1%	-7.5%
Southern Oregon	6.9%	21.7%	21.4%
Temecula	-11.6%	-4.7%	1.6%
Walla Walla	29.6%	33.6%	-15.9%
Willamette Valley	38.8%	32.8%	-1.9%
Woodinville	-5.0%	-1.6%	45.8%



# Enolytics

## Free Insights

<https://www.enolytics.com/eno-insights>





Enolytics Oregon

New

CP: 1/1/2025 - 2/16/2025 | PP: 1/1/2024 - 2/16/2024



Our Performance

What Did We Sell?

Who Sold It?

Where Did We Sell?

KPI Dashboard

Primary KPIs

POS KPIs

Wine Club KPIs

Order Activity

Net Sales

\$283,848  
↑1.0% ΔPP

TR Net Sales

\$106,308  
↑42.4%

Discounts  
(Excl \$0)

19.3%  
↑0.1% ΔPP

AOV  
(Excl \$0)

\$148.85  
↑8.1% ΔPP

Cases Sold  
(Excl \$0)

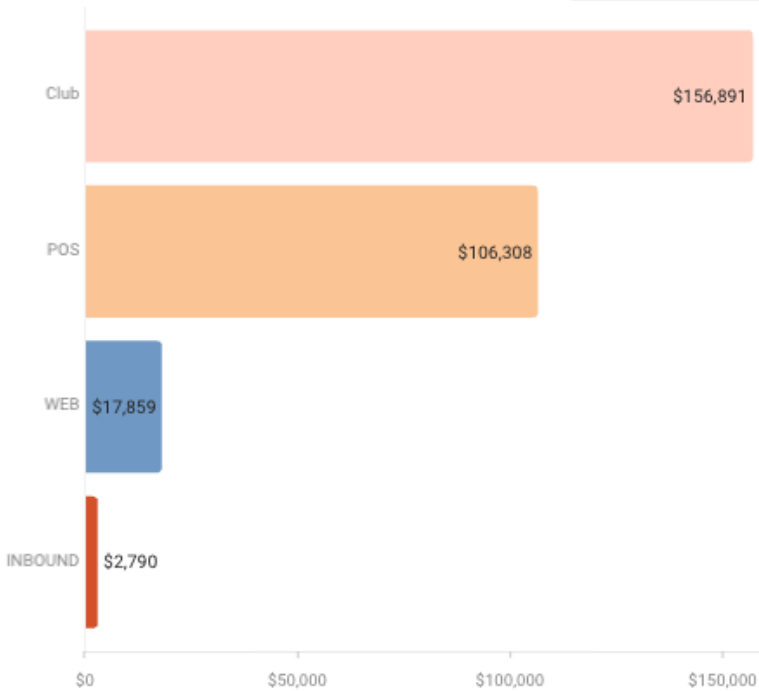
516.9  
↓-5.8% ΔPP

Guest Account  
Usage

4.4%  
↑-64.3% ΔPP

Performance Activity By Channel

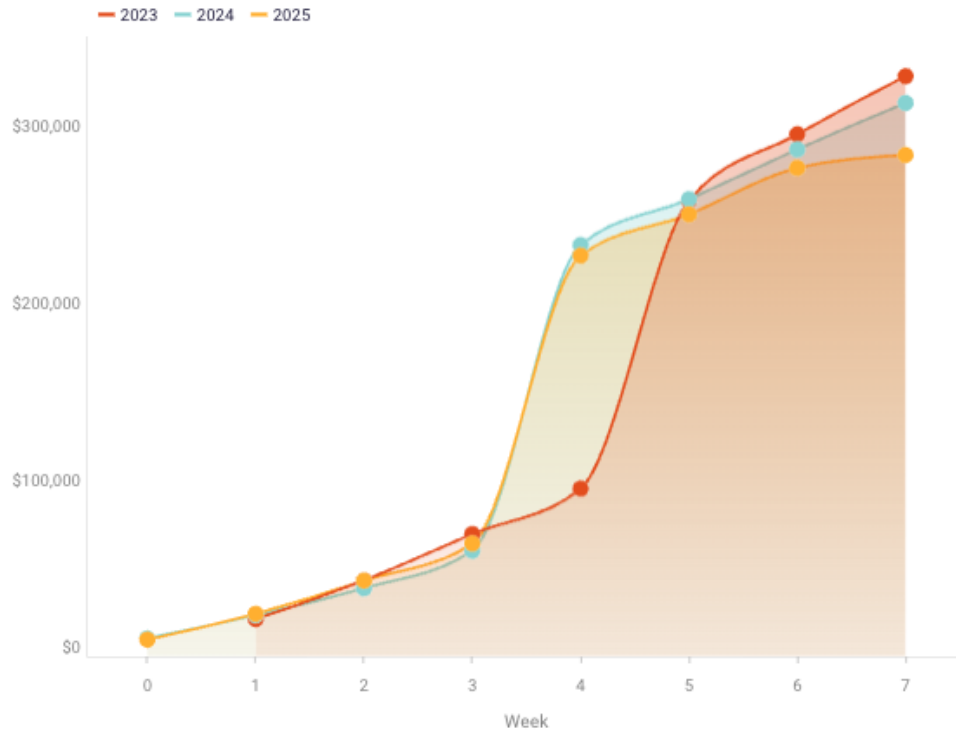
Sales By Department



Channel

Switch to Cases Sold (9L)

Accumulated Performance By Week



Help

# Activity Input Measures (Leading)

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

# 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%



# Change your Questions





What stood  
out for you?



# Thank you!

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