

# Building a Better Business Plan

**Derek A. Groff, ASA**  
**VinCO Conference & Trade Show**

Denver  
Dallas  
Houston  
Orange County



# Agenda

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- Firm Overview
- Why Build a Business Plan?
- Business Plan Components
- Ten Key Questions to Answer

# Hein & Associates Overview

- Approximately 300 employees with offices in Denver, Houston, Dallas & Orange County
- Expertise in tax services, assurance and advisory, valuation, technology implementation services, business advisory/consulting, outsourced accounting, and corporate finance
- Focus spans all industries and clients of all sizes – from small private companies to large, public, global companies

## Services to Wineries

- Tax Advice / Preparation
- Assurance and Advisory
- Business Valuation
- Accounting Services
- Consulting and Transaction Advisory
- Corporate Finance / Due Diligence
- Technology Implementation

## Derek Groff, ASA – Director of Valuation



- Leadership and Management (Honors), University of California, Berkeley
- BA Business Economics (Honors), University of California, Santa Cruz
- Accredited Senior Appraiser, Business Valuation – American Society of Appraisers
- 15+ Years Professional Experience
  - Fundamental Business Valuation
  - Winery Proprietor
  - Corporate Development
  - Investment Banking

# What is a Business Plan?

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- Written document outlining an organization's goals and plans for world domination
- Typically 20-30 pages with long, narrative sections
  - Graphs, charts, tables, graphics help
  - Focus on detailed financials, competitors and market penetration
- Process of writing a business plan possibly more important than the plan itself
  - Often used internally for roadmap execution and externally to attract investment interest

# What Makes a Great a Business Plan?

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- Well thought out with lots of research
- Engaging and entertaining
- Know the Intended Audience
  - Final Use and Application
- Key Inputs
- Process/Development
- Sell, but don't oversell!

# Components of a Great Business Plan

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1. Executive Summary
2. Winery Overview
3. Industry Analysis/Overview
- 4. Sales and Marketing Plan**
5. Management Team
6. Potential Risk Factors and Mitigation
- 7. Financial Plan**
8. Appendix

# Executive Summary

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- Short overview of entire business plan (1-2 pages)
- Should cover all major points, goals, risks, etc.
- Define the current opportunity/problem, plan to address it, and potential upside
- Make it EXCITING!
  - If it doesn't grab the reader's attention, why bother?!
- Write it last



# Winery Overview

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- What is your STORY?
- How are you different?
  - Is it a virtual winery, full estate, tours/tastings, views, etc.?
- What is the business model?
  - Prices, sales channels, experience, varietals...
- What wines are you making/selling?
  - What makes them special?
- Bottom line – why should people go to your Winery and/or buy your wine?

# Industry Analysis/Overview

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- Describe current state of the industry
- Key market trends
- Primary competitors
  - How you differ from them
- Any market opportunities you are focusing on?

# Sales and Marketing Plan

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- Price points
  - Discounting?
- Location
- Sales channels
  - Winery tasting room
  - Online
  - Wine club
  - Retail
- Target Customers?
- Grape sourcing

# Management Team/Key Players

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- Do the Owners have any experience in the industry?
  - **Any management/operational experience?**
- Who is the winemaker? Any good press, ratings, experience?
- Other key employees?
  - Vineyard Manager
  - Director of Sales
  - General Manager
  - CFO

# Potential Risk Factors

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- What are the biggest hurdles to your success?
  - **How are you going to overcome them?**
- What happens if you fail initially?
  - How are you or will you be financed?
- What if demand/sales are dramatically less than forecasted?

# Financial Plan/Forecast

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- Without question, most important part of Business Plan
- How are you going to make money?
  - Is that your main objective?
- Do you have a detailed financial forecast model built?
  - Income statement, balance sheet, cash flows that tie together
  - Focus on cash flow needs of the business
- Need to project out AT LEAST 5 years
  - Holding period and time to first revenue could be 5-7 years

# Financial Statements

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- Balance Sheet
- Income Statement
- Equity
- Cash Flows
- Supplemental Schedules
  - Wine Produced and Sold
  - Revenue Schedules
  - Expense Schedules
  - Winemaking and Farming Costs

# Winery Financial Statement Analysis

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- What can we learn from examining a winery's financial statements?
  - Asset mix and quality
  - Size
  - Stage of business
  - Capitalization (debt vs. equity)
  - Cost structure
  - Pricing, margins and profitability
  - Distribution channels
  - Purchase grapes / own vineyards
  - Custom crush?



# Appendix

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- Completely optional
- Useful place to put key documents
  - Resumes of key employees
  - Personal/supplier/business references
  - Licenses/permits/patents/trademarks
  - Contracts

## 10 Questions Your Plan Should Answer

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1. Is the Winery just an idea or an opportunity with real potential?
2. What is the business model and how are you going to generate sales?
3. Do you have a well-defined and a realistic target market?
4. Is the industry growing, stable, or declining?
5. Is the management team experienced?
6. Who are the Winery's biggest competitors?
7. What is your Winery's story and how is it different from others?
8. What are your Winery's biggest risks and hurdles to success?
9. Is the wine good enough to sell in the numbers you're forecasting?
10. Are the financial projections realistic and do they present a bright future for the firm?

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