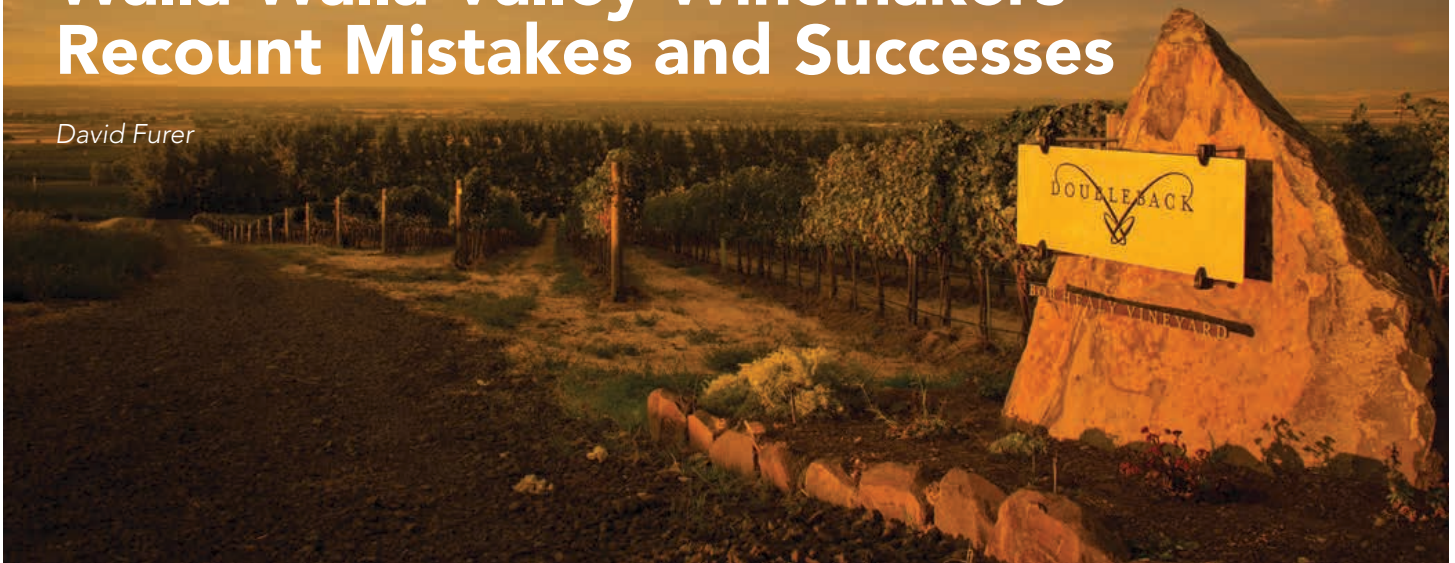


# Winemaker Business Decisions

## Walla Walla Valley Winemakers Recount Mistakes and Successes

David Furer



David Furer writes, consults and teaches of wines of the world from his New York City base.

**DECADES AGO, WINEGRAPE GROWERS** in the Walla Walla Valley were overshadowed by producers of the area's main crops: wheat, onion and apples. Since the AVA's inception in 1984, the region has grown immensely and is now producing wines the growers and winemakers consider as somewhere between the Californian and French styles in how they're grown, made and sold—but all very distinct.

A geographic pocket in the far southeast of the vast Columbia Valley AVA, Walla Walla Valley is relatively remote compared to other U.S. wine destinations. The nearest sizable town, Spokane (with 215,000 residents), is a three-hour drive away.

The region now encompasses approximately 120 wineries, of which eight rest on the Oregon side of the dual-state AVA. Most vineyards are planted at 700 to 1,700 ft. in elevation, causing growers with vines planted below 1,000 feet frustration when frost problems occur. As a result, growers and winemakers have found success with Cabernet Sauvignon, Merlot and in later years, Syrah, and many of the original pioneers have remained in the region. Now a mix of early pioneers and newcomers, traditionalists and pot-stirrers, have embraced the region, but all have an innate connection to their unique location and the wines it gives them. Here, six winemakers reflect on the best, and worst, decisions they've made in their Walla Walla Valley careers.

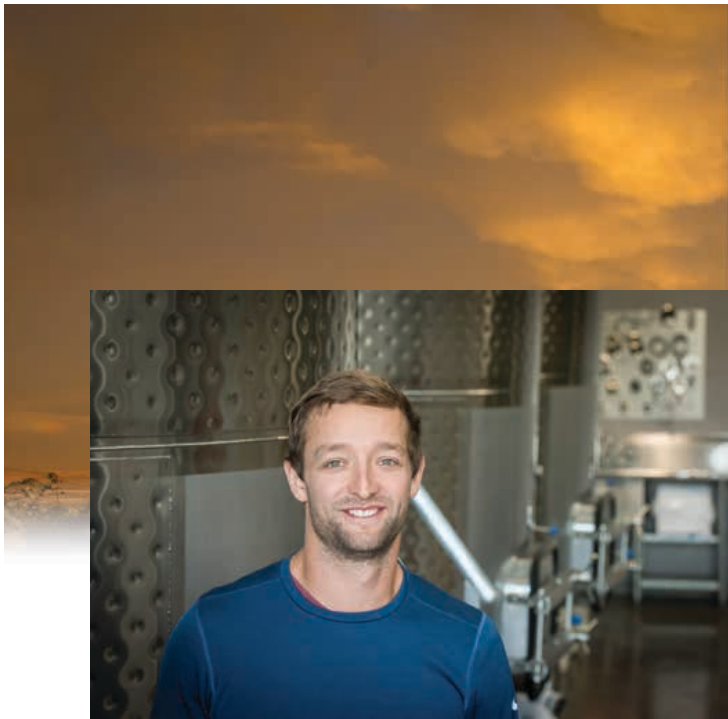


### Casey McClellan

winemaker/founder, Seven Hills Winery

**Best Decision:** The best choice we made was to make a commitment to the Walla Walla Valley before it was an established AVA, and then the good varietal choices my parents and partners made in Merlot and Cabernet Sauvignon. It was, by far, the largest and best decision, whether or not due to serendipity, luck, vision...but the commitment we gave to it was the heart of what we do, the core of why they got into this business.

**Worst Decision:** I would've done many things differently, but one of the major things is that I would've focused more on certain varietals instead of having as much fun as I had with niche varietals, such as Viognier, Pinot Blanc, Malbec and Tempranillo. These were first releases for Walla Walla, though they weren't necessarily core items for us. Working with these gave me satisfaction in learning what worked and what didn't in this AVA. Were I to do it over again, I would've struck a better balance between my artistic aspirations and what worked in the maintenance of a cogent portfolio. In recent years, I've refocused upon Bordeaux reds, coming full circle 34 years later to our portfolio as of the 2016 vintage.



## Josh McDaniels

winemaker/general manager, Doubleback

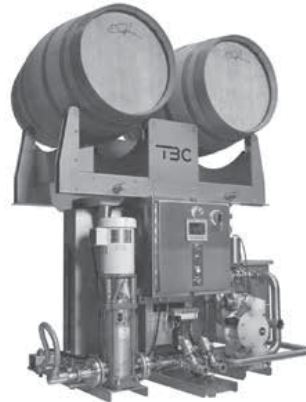
**Best Decision:** I started in the wine industry when I was 15 years old. The best choice I made was of attaining mentors, like **Chris Figgins** of **Leonetti** for whom I worked over a decade, learning both from his mistakes and successes. My current boss, **Drew Bledsoe**, who once played for the NFL, brought that unique perspective to this business. When he was injured, he was unseated by another quarterback, so this helped him in undergoing difficult situations in football. The business levels he operates at are higher than I've experienced, so learning from him in this has been helpful. I believe that you're the product of the people surrounding you; and as a young winemaker, being humble enough to know that you don't expect everything and fostering a relationship with someone who's experienced many things before you that you haven't yet, is the foundation of the best decisions I've made.

**Worst Decision:** It's always fun to talk about this! Having the wrong business partners in the past was the worst. I was young and without money in 2009, so I jumped at the first opportunity to get the first partners that came to me. When I found myself at a very tough economic crossroad, they bailed on me. You've got to have your priorities settled because there are always going to be ebbs and flows in the economy, and people can leave you high and dry when times are tough. If I could do it over again, I wouldn't take on a business partner just to get some cash flow, only to find later that I got screwed for it. Lesson learned: go into business with people who are willing to make sacrifices along with you when times are tough.

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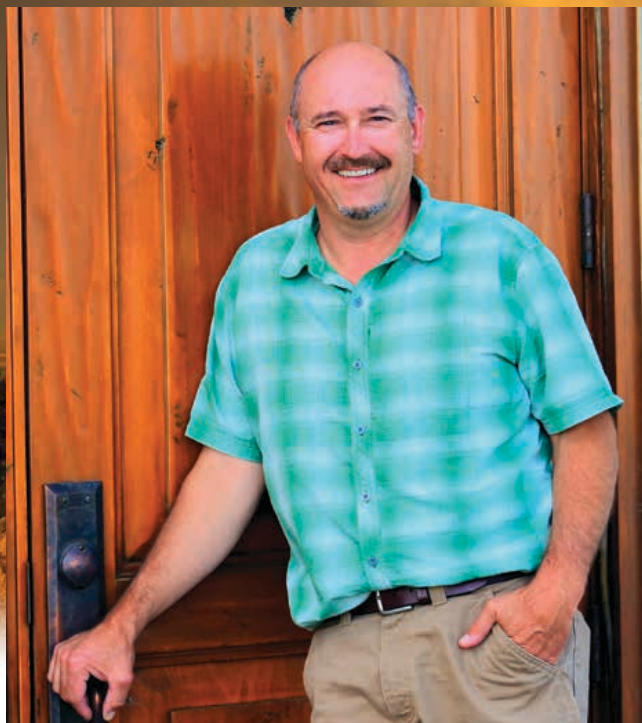
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### Jean-François Pellet

winemaker, Pepper Bridge Winery

**Worst Decision:** As I've been here for 17 years, we planted vineyards at a low elevation when we started. Below 1,000 feet, we get winter freeze every decade or so. Now, all the new plantings, as well as the bulk of them, are at 1,100 feet plus. We still have Pepper Bridge Vineyard at 850 feet, but it's hard on us when it gets beat up every decade. Another was that we were late in bringing aboard a full-time national sales manager. Because everybody wants a piece of the U.S. market, we could've done better if we'd started earlier to have this person in place pushing our brands around the country. We built a tasting room in 2003 but didn't anticipate the growth of this area. We built it way too small for our current needs. Our goal is to give a fantastic experience, but on many weekends it's too small.

**Best Decision:** One of the best decisions we made was sticking to the original plan of making focused, good wines. In 1998 we started with a Cabernet Sauvignon, adding a Merlot in 1999; in 2008 we added a third wine called Trine. It was extremely important for us to stay focused on Bordeaux varietals, having only three wines on the marketplace—a decision we made on day one and stuck with. From a wholesale and retail perspective it helped us to build brands. Our second winery, **Amavi**, focuses on Syrah at lower prices than our estate vineyard of Pepper Bridge. We were one of the first in Walla Walla to build a winery in the vineyards, like in Bordeaux, something visitors like to see as it adds a lot to the "sense of place" and the sense of a long-term commitment from the three families owning them, something we hope will last beyond our lives.



### Rick Small

director of production, Woodward Canyon Winery

**Worst Decision:** Doing the worst first—everybody at one time or another has done something they regret. **Darcey** and I started in 1981, with me being an untrained home winemaker before that. You make wine for a decade, getting successful, getting great scores. In 1989, the **Chalone Wine Group** had invested in Canoe Ridge vineyard and winery, in which I was a partner. Chalone had always done national distribution for Woodward Canyon. The biggest mistake I made was in thinking that I could help them make wine while continuing full-time at Woodward Canyon. The first batch was processed at Woodward Canyon with **Dick Graff** shining on me his brilliance. I spread myself too thin; and as a result, the wines during that first, albeit good, vintage could have been much better. I thought I could do everything: I wasn't arrogant, but I was overly confident, getting "in the weeds" as restaurant folk say. It gave me perspective, and I learned a lot from it, thinking that I could do everything and still have everything be successful. The wines were good, and we sold them all, but in my heart I know they could've been better.

**Best Decision:** Woodward Canyon was long a customer of **Champoux Vineyard**, formerly known as **Mercer Ranch**, with other good customers such as **Quilceda Creek Vintners**, **Andrew Will**, **Powers Winery** and **Hedges Cellars**. The manager, **Paul Champoux**, had a right of first refusal to purchase the vineyard when it came up for sale and reached out to me, **Alex Golitzin**, **Chris Camarda**, **Tom Hedges** and **Bill Powers**, to put enough resources together for us all to purchase this incredible vineyard in 1996. That some of the finest Cabernet Sauvignon that had been produced in Washington state to date was now available for sale was a no-brainer. At 40 years of age, it's now one of the oldest Cabernet Sauvignon vineyards in Washington state. It was the best business decision we ever made.



## Charles Smith

owner, Charles Smith Wines

**Best Decision:** My single best was in 1989: not going to UC Davis and instead moving to Copenhagen with a girlfriend. By way of Copenhagen I kept my dream alive by drinking wine and then moving back to the U.S. to learn winemaking in Washington state, by making 330 cases in 1999, because it was something I felt a need to do. I guess I was destined to do it. My refusal not to be dissuaded by UC Davis and being self-taught was the best decision I ever made. I'm now the largest indie producer of wine in Washington state.

**Worst Decision:** The regret aspect is easy. I read multiple times that people said that **Charles Smith** is a marketing genius. But these people weren't around when I launched my **Holy Cow!** wine in 2008, so I beg to differ. That new wine I launched wasn't a great decision. The wine was delicious, but the consumer didn't connect to the packaging. It didn't succeed, so that was my biggest failure and obviously a bad decision. The label of a cow with a halo above its head didn't work and was the only thing I've made that wasn't successful. I launched **Kung Fu Girl** at the same time, and that was successful! When you're at the highest point of your creativity and making your best work, you can still have bombs. The reality is that in all my wine businesses I went varying directions with consistent successes, with Holy Cow! my one and only failure.



## Gordy Venneri

co-owner, Walla Walla Vintners

**Best Decision:** One of the best things my partner and I did, when starting out in 1981, was making wine as hobbyists for personal use. Fourteen years later we decided to get a commercial license, bonding and selling wine. We both had other jobs and had little capital, starting with a low investment, with both of us choosing not to take any money out of the business; rather reinvesting it in the business. We didn't borrow, and lived off our other incomes; and as the business grew, we reinvested our profits rather than borrow money to grow. That's the most important thing because we've seen many wineries come and go over the years. We've watched others quit their other jobs, borrow a lot of money and get into great debt then have to sell off the business. We took less cash for ourselves and acquired less interest on what we owed, but now we have a lot of business equity with little debt in it.

One of the things you have to decide, when first starting out, is how to price your wines. In 1995, as the eighth winery in Walla Walla, we sold our wines quickly, and we've grown quite a bit over the years. Currently, we're selling our wines at \$25 to \$48 per bottle. In the early days when we sold out of wine we should have had some modest price increases before increasing the quantity of wine. We kept our prices low in order to satisfy our continuing customers, and these same customers today appreciate this. Our customers appreciate that our wines are affordable, and it has overall been a positive for us because we're very focused on customer service. **WBM**