

99 Problems But...
A Vine Ain't One!?!?

APICAL



TEXAS

Daniel Pate – Apical Texas

- Currently Own & Operate Apical Texas Vineyard Consulting & Management
 - **Mission: Get Texas Over the 15,000 Acre Mark by 2030**
 - TX Native – TTU BS & MS
 - CA from '11-'18
 - E&J Gallo then Operated FARM Napa Vineyard Management
 - Grown & Purchased +23,000 tons +4,300 acres + 65 Wines w/ 90 pt Scores

99
Problems?

Economies
of Scale

Metrics

You/People

Q&A

Outline

**99 Problems But A Vine Ain't
One!**

So... 99 Problems, eh?

- What does a vineyard involve?
- Vines, sure.
- People, sure.
- Money, sure.
- Soil.
- Weather.
- Buyers.
- Insects.
- Machines.
- Sun.
- Nutrients.
- Markets.
- Truckers.
- Vendors.
- Chemicals.
- Budgets.
- Workers.
- Tools.
- Weeds.
- Grass.
- Bacteria.
- Chemistry.
- Biology.
- Temps.
- Banks.
- Taxes.
- Licenses.
- Research.
- Family.
-

So... 99 Problems, eh?

- Point is, most of those things aren't controlled by the vine.
- They are controlled by US
- ME
- YOU!!!

It's Mostly Not About The Vines

- Someone said recently, “I’ve never had a block crash.”
- While it’s possible, this jump started my brain.
- I made a list of all my mistakes and...
 - 1) It is a LONG list ;-)
 - 2) It was always me doing something to the vines. Not the vines doing something to me.

Et tu Brute?

- My Top 3 Failures

- #1 – Picked the wrong block, the wrong day, and sent to the wrong winery. For \$150 bottle wine.
 - I have since sent confirmations 24 hours PRIOR to picks to winemakers and owners.
- #2 – My fungicide operator applied glyphosate to 50 acres on Monte Rosso in June '14.
 - Now I inventory ALL chemicals, date EVERY container and DISPOSE of old material.
- #3 – Missed one piece of paper that started a chain of bad events, costing \$75,000.
 - I make provide extra deliver tickets and carbon copies of every haul.

Economies Of Scale

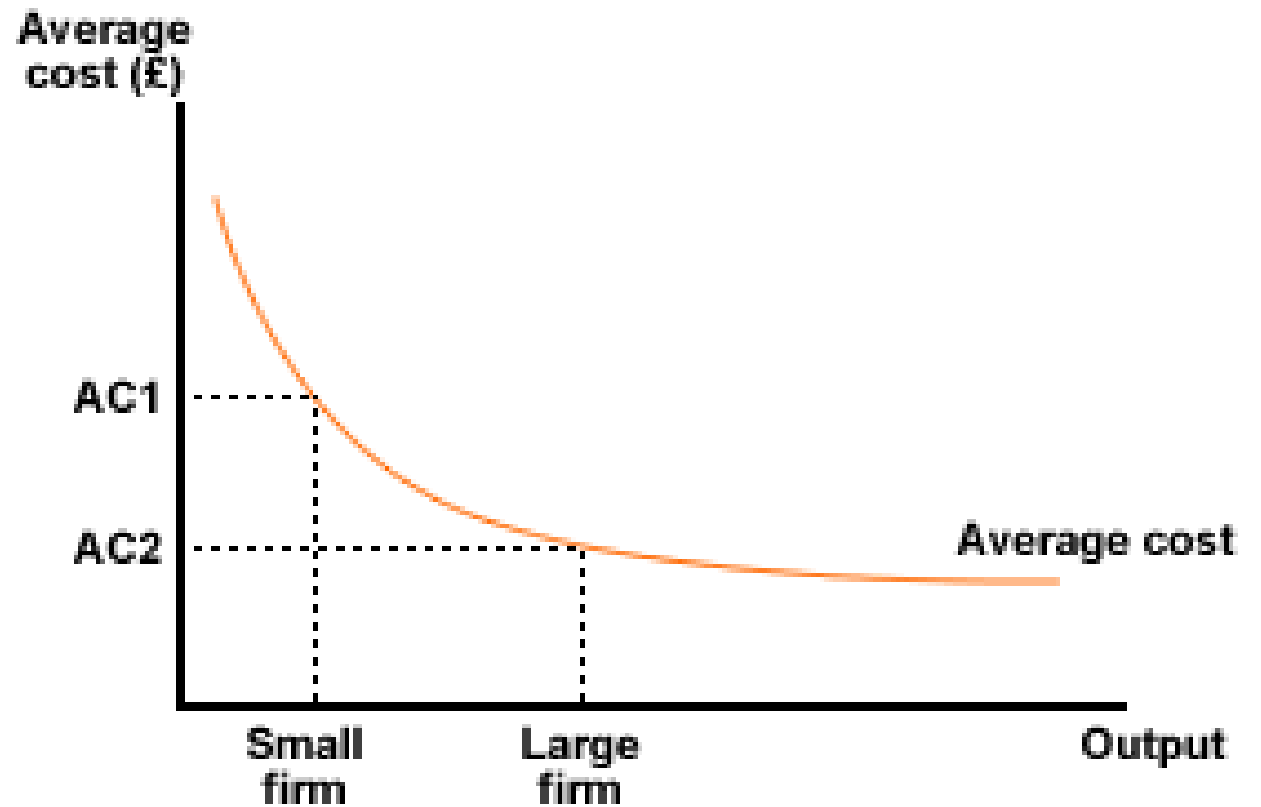
Economies of Scale

- Franklin BBQ in Austin or Tom & Bingos in Lubbock
 - Rudy's BBQ
 - Five Guys
 - Starbucks

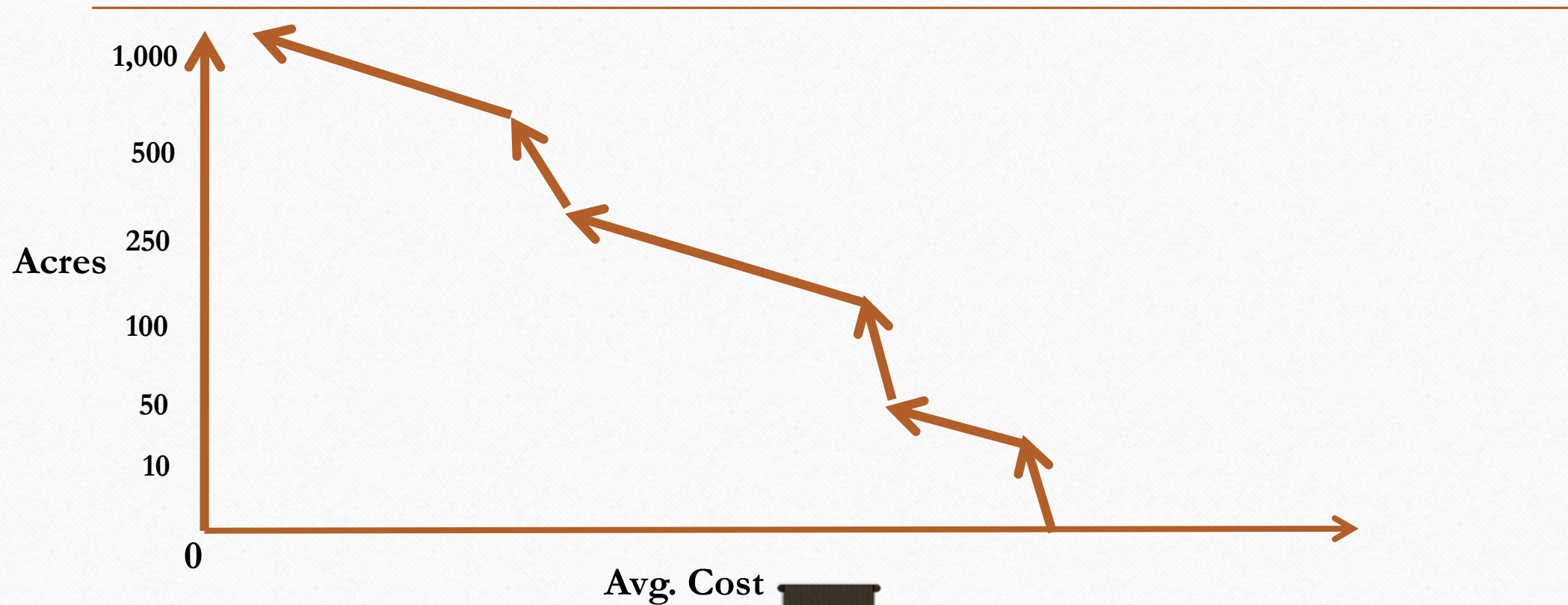


Economies of huh?

- Traditional Econ 101
- Cost per unit produced decreases, as size increases.
- Here's a nice curve from a textbook.



Economies of Reality



Economies of Reality

- 5 Acres
 - 15 Acres
 - 50 Acres
 - 150 Acres
 - 500 Acres
 - 1,500 Acres
- Around these sizes, things tend to be smooth and manageable
 - The space between sizes is tough and can be inefficient.

Economies of Success

- When you are small you have to do things that don't scale.
- To grow, you have to do things that will scale.
- When you are big, you have to stop doing many of the things that don't scale.
- To survive more than 20 years, you will have to figure out how to repeat successes and stop failures.

Metrics

Metrics. That's millimeters, right?

- Metrics are great, but not all metrics are created equal.
- Some things you can measure aren't worth measuring.
 - E.g. Leaves per shoot.
- Some things you can't measure would be great to measure.
 - E.g. Worth of a ton of grapes.
- The best things to measure are things that influence your profit, first.

Vineyard Metrics – Part 1

- Per Vineyard
 - This is pretty good actually. Low effort, low cost, maybe gets you what you need.
- Per Acre
 - This is not that great. It probably won't tell you anything new. Can't compare with it.
- Per Vine
 - This is really good. You can compare. You can make better decisions. But it's hard.
- This is like Black & White TV, to 480p, to HD.

Vineyard Metrics – Part 2

- Vines per Hour
- Vines per Spray Hour
- Vines per Irrigation Hour
- The "Vines Per X" is a big lever, and one we need to pull on to be financially successful.

Vineyard Metrics – Part 3

- Quality
 - THP
 - Mourvedre – 4 tons/ac
 - Costs \$4,000/ac/year
 - Need revenue of \$6,000– \$10,000/ac
 - Pricing needs to be \$1,500-\$2,500/ton
- Quantity
 - THP
 - Muscat – 6 tons/ac
 - Costs \$4,000/ac/year
 - Need revenue of \$6,000– \$10,000/ac
 - Pricing needs to be \$1,000-\$1,666/ton

Vineyard Metrics – Part 3

- Quantity
 - Napa
 - Cab Sauv – 6 tons/ac
 - Costs \$10,000/ac/year
 - Sold @ \$5,000/ton and made \$30,000/ac
 - That's \$20,000/ac Gross Margin
- Quality
 - Napa
 - Cab Sauv – 3 tons/ac
 - Costs \$17,000/ac/year
 - Sold @ \$10,000/ton and made \$30,000/ac
 - BUT \$13,000/ac Gross Margin

Metrics of Success

- Your metrics need to be specific to you.
- And you need to pursue them fervently.
- These metrics will be your goals.
- They will determine your success or failure.

People/You

You

- You can be a help to your vines or a hindrance.
- What do I mean?
- Let's say you want to plant 6 varieties on 20 acres?
 - All on the same rootstock? Maybe helpful.
 - Own rooted? That might as well be 6 different rootstocks. Maybe not helpful.
 - Same spacing for all 6 varieties? Maybe not helpful.
 - You **COULD** do 1 variety on 20 acres. Don't underestimate the simplicities and the clarity that brings.

You

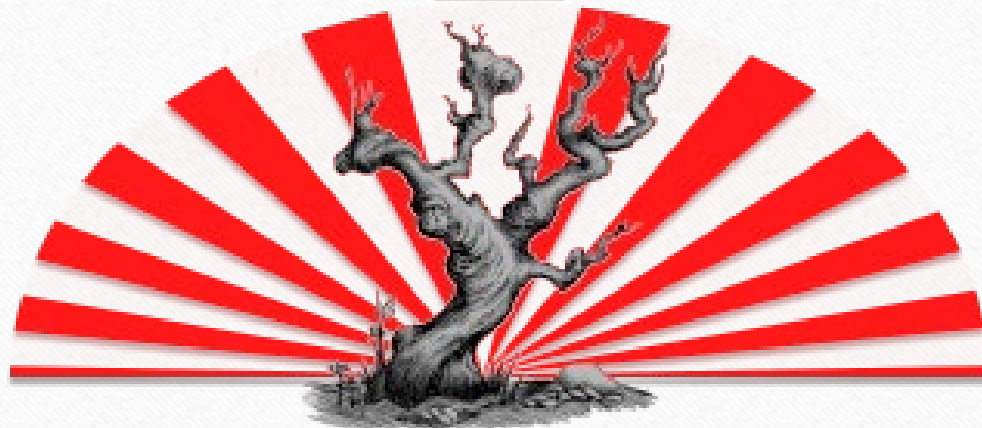
- You decide if you want to focus more on quantity or quality. Or both.
- Andy Beckstoffer in Napa.
- He farms 1,000 acres in Napa. BUT also farms 1,500 in Mendocino and 1,500 in Lake.
- Sure he gets ~\$25,000/ton for To Kalon Cabernet.
- BUT he also gets \$1,000 - \$2,000/ton for the Lake & Mendo fruit.
- AND he farms that at 6 to 10 tons/acre. Andy Beckstoffer does both.

Recap

- Most of the vineyard operations are not about the vines.
- They are about everything else.
- How you plan your business, how you track your business, and how you grow your business, may very well have more impact than the actual vines.
- And so we need to spend a lot of time and energy on these things, too.

Q&A

Thanks! Now, ask me anything ;-)



HEED THE VINE™

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