



WGGA's VineBiz Financial 'Ready Reckoner'

The VineBiz Financial 'Ready Reckoner' was been developed for Wine Grape Growers Australia with funding from the Commonwealth Department of Agriculture, Fisheries and Forestry, as part of the Capacity Building for Wine Grape Growers Project in 2008.

This Program provides wine grape growers with a financial analysis and management tool to assess their vineyard's current financial performance, and to evaluate a range of operational scenarios for **decision making in the future**.

The **VineBiz Program** comprises a range of vineyard business analysis tools that aim to equip wine grape growers to:

- › Analyse their current business methods and models,
- › Compare their performance with grape growers from a range of regions,
- › Assess opportunities to improve their financial performance, and
- › Identify and assess alternative business models and options for the future.



The **VineBiz program** is designed to be delivered in a module based format. This allows the content to be split and staged over a period of time. This enables regional grape grower associations to present information sessions or workshops according to demand, using presenters with local knowledge and regional case studies.

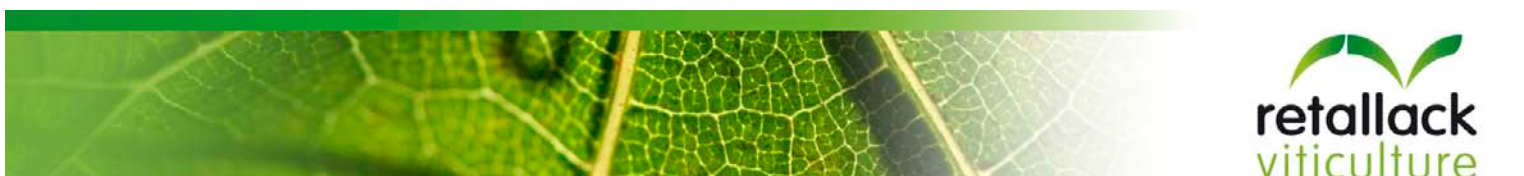
Features

The **VineBiz Financial 'Ready Reckoner'** is one part of the VineBiz Program which includes topics that aim to improve a growers understanding of the financial status of their business. This information comprises a CD-ROM, which contains an Excel program and a support manual.

A breakdown of individual topics in the **Basic** and **Advanced** sections include:

- › An **Income Summary** to track the production and return from individual management units,
- › **Cost of Production Data** including allocation of operating and overhead costs for calculating Gross Margin,
- › **Benchmarking** the performance of the vineyard with those from the same region and other regions,
- › Detailed **Management Unit Analysis**, which captures all of the costs involved in operating a particular block/patch and analyses its **profitability** using **Gross Margin** calculations,
- › Detailed **Vineyard Analysis**, which compares production income and costs for up to the last five seasons,
- › A **Cash Flow Budget** to plan for income, expenses and financing requirements throughout the year,
- › A **Statement of Position** that lists all assets and liabilities, and
- › A **Financial Summary** (including the use of financial ratio's as an indicator of business health).

Every grower can use the Financial 'Ready Reckoner' by inputting production data and allocating costs from a Profit and Loss (Income) Statement (prepared at tax time), which is used to identify their Operating (variable) and Overhead (fixed) costs. This information can then be automatically presented on a \$/ha basis (which can be used for benchmarking), to compare the profitability of individual management units and to calculate financial ratios.





Main Menu

START

Basic Data Input
Current Year

Vineyard
Details

Operating
and
Overhead
Costs

Benchmarks (per hectare)

Average Yield (t/ha)	7.1
Gross Vineyard Income (\$/ha)	\$ 8,741
less Vineyard Operating Costs (\$/ha)	\$ 4,155
gives Vineyard Gross Margin (\$/ha)	\$ 4,586
less Vineyard Overhead Costs (\$/ha)	\$ 3,377
less Debt Servicing Costs (\$/ha)	\$ 750
gives Business Return (\$/ha)	\$ 459

Benchmarks (per tonne)

Gross Vineyard Income (\$/t)	\$ 1,179
less Vineyard Operating Costs (\$/t)	\$ 561
gives Vineyard Gross Margin (\$/t)	\$ 619
less Vineyard Overhead Costs (\$/t)	\$ 456
less Debt Servicing Costs (\$/t)	\$ 101
gives Business Return (\$/t)	\$ 62

Advanced Options
Detailed Input
Historical Data

Management Unit

All Management Units | Individual Management Unit | Historical Summary

Vineyard Performance

Cash Flow

Statement of Position

Benchmarks (Financial Ratios)

Operating Costs / Income	48%
Overheads / Income	39%
Business Return / Income	5%
Debt Servicing / Income	9%
Vineyard Return / Debt Servicing	161%
Equity	53%
Vineyard Return / Assets	2.6%

Analytical Tools What If Scenarios

What is my
Gross Margin & Profitability
(Sensitivity Analysis)

Can I afford additional
Water Use/Purchase

Should I be thinking about
Re-structuring
(Cost Comparison)

I would like to have a better understanding of
Relating fruit price to end use
(\$/tonne Vs \$/bottle)

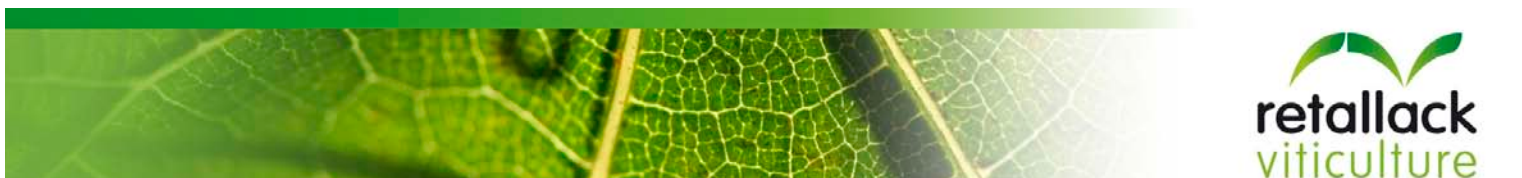
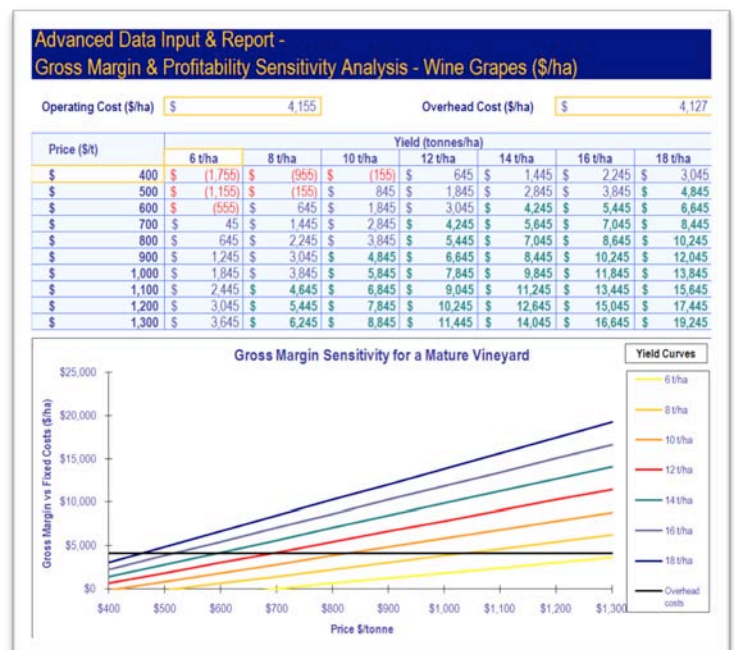
A range of analytical tools is also included:

- > A **Gross Margin and Profitability Sensitivity Analysis**
- > A **Water Purchase Calculator** to help determine if extra water is justified and to calculate the cost benefit of this decision.
- > A **Re-structuring cost comparison**. Plan and calculate a restructuring project and time taken to get back into full production.
- > **Relating price paid for fruit to end use** (\$/tonne Vs \$/bottle).

What will you receive?

A disk containing:

- > A Vineyard Financial Performance **Benchmarking Report**
- > A **Growers Guide** on the VineBiz Ready Reckoner – including step-by-step instructions on how to use the tool.
- > The **VineBiz Ready Reckoner financial assessment tool** – a Microsoft Excel based program.





Would you like to attend a VineBiz Workshop?

To register your interest, please fill out your contact details and return to:

Email: info@wgga.com.au

Fax: (08) 8133 4466

Wine Region:

Name:

Company:

Address:

Suburb:

State:

Postcode:

Telephone:

Fax:

Mobile:

Email:

