

Uncorking Profits in the Wine Industry

With a contribution of over \$50 billion, the wine industry is a vital part of the American economy.

However, intensifying global contribution has markedly depressed sales and profits, causing many wineries to fail or merge. Competing in the global network economy demands that wineries:

- quickly respond to market opportunities,
- maintain cost-effective, integrated supply chains, and
- efficiently and effectively manage production and inventory.

To a certain extent, manufacturers in every industry are facing these issues. However, wineries are also dealing with:

- the introduction of \$1.99 retail pricing for bottled wine,
- wine needing to be bottled when it is “ready,” rather than when the market demands it,
- crop conditions creating over- and under- supply,
- bottle corks and other components needing aging, resulting in higher than desired inventory levels, and



- regulatory issues, including tax and bond requirements, complicating the wine making process. For example, warehouse locations are often determined by regulation rather than logistical requirements, with the possibility of increasing location transaction errors as a result.

Within these challenges lies opportunity—and that’s where Acuity Consulting comes in. Acuity can help wineries boost sales, cut costs, and acquire the agility to capitalize on market opportunities. Best of all, with Acuity’s support, wineries can compete head-to-head world wide—and still achieve sustainable growth and profits.



Increasing Winery Cash Flow and Profit

With 30-40 per cent of working capital typically tied up in inventory, improving inventory management often provides a significant boost to a winery's bottom line.

The solutions are not obvious, because of a variety of interrelated issues, including:

- demand forecasting,
- variations in lead time,
- capacity bottlenecks, and
- inventory accuracy.

In order to quickly gain insight into inventory issues, Acuity begins with a focused process called "Inventory Optimization Evaluation." This rapid process (it takes only a few days to complete) generates a quantitative analysis of inventory planning performance, and objectively shows gaps between inventory forecasts and performance.



With minimal up-front investment, the most critical issues affecting inventory performance are identified. Then, Acuity applies:

- proven management experience and techniques,
- proprietary tools,
- an in-depth knowledge of the wine industry, and
- a client centered approach.

The results? An inventory reduction of 20-40 per cent with improved customer service levels of 10-15 per cent. The impact on the bottom line is substantial and deliverable in six months.



6420 Dominica Avenue
Cypress, CA 90630-5315
Phone (714) 657-0037
Fax (714) 891-0641
info@acuityconsult.com
www.acuityconsult.com

