

CENTRAL COAST *Insights*

How to Avoid Transaction “Hiccups”

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Common Issues in Winery and Vineyard Sales:

- **Expectation that wine industry assets are worth a set, knowable price that all buyers will agree on!**
- **Lack of planning for a transaction – need to move away from thinking about long-term family ownership**
- **Permits and Trademarks aren't perfected**
- **Lack of clarity as to which assets are being sold/retained**
- **Family expenses on the income statement and family assets on the balance sheet**
- **Incomplete and inconsistent data**



Common Issues in Winery and Vineyard Sales:

- Financial statements and company structure designed to avoid tax instead of maximizing profits
- Multiple entities with common ownership, often selling grapes or leasing assets to each other
- Excess or stale inventory (becoming less of a problem!)
- Grape Contracts (too much, too little, assignability, oral/handshake agreements)



Simple Pre-Sale Remedies to Undertake

- **Pre-planning: before looking to sell, engage an experienced advisor who will help you work with tax, lending and legal professionals before your property is for sale, sometimes for many months and even years**
- **Perfect all entitlements, permits and intellectual property**
- **Exercise care, thoroughness and detailed recordkeeping in all aspects of your business**
- **Work with an advisor and your CPA to restate your financials to show the business in the best possible light, rather than for the lowest possible tax**



Simple Pre-Sale Remedies to Undertake

- **Balance your inventory and grapes under contract**
- **Understand all of your options and discuss them with your advisors**
- **Present a united front to the market by dealing with family issues before beginning the sale process – keep private issues private!**
- **Develop a plan for what you want to do after the deal is done – working for the buyer has advantages and disadvantages**
- **Understand that transactions are difficult, time-consuming and trying experiences that come with almost daily highs and lows. Have patience...**



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