

The Real Cost of a Case

10 questions every winery should be able to answer

A practical self-assessment for winery owners, finance teams, and operations leaders.

There is no universal formula for winery costing. Every winery has different vineyard sourcing, production methods, inventory structures, and business goals. The objective is not perfect costing; it is enough visibility to make better decisions.

Use the questions below as a quick diagnostic. If your team can answer them clearly, your costing process is likely supporting management decisions — not just accounting requirements.

Costing Diagnostic: 10 Questions to Ask

- 1. Do we know our cost per case by SKU, or only in aggregate?** Average costs may be a reasonable starting point, but meaningful business decisions often require visibility at the SKU, brand, or program level.
- 2. Are grape and bulk wine costs tracked specifically, or broadly spread across products?** The largest cost drivers deserve the greatest precision; broad allocations can mask profitability differences between wines.
- 3. Can we explain how overhead is allocated?** If overhead is simply spread evenly across all products, reported margins may not reflect economic reality.
- 4. Do we know the cost of inventory before bottling?** Waiting until year-end close limits a winery's ability to make timely production, pricing, and inventory decisions.
- 5. Can winemaking and finance see the same story?** Strong costing environments create alignment between production and finance rather than friction between departments.
- 6. Do we understand the margin impact of channel decisions?** A wine that performs well in the tasting room may generate very different margins in distribution, wholesale, or private-label channels.
- 7. Can we forecast profitability before a wine is sold?** Costing should support forward-looking planning, not simply explain results after the fact.
- 8. Could we defend inventory values to a lender, auditor, or potential buyer?** Reliable costing improves confidence in borrowing-base calculations, valuations, and strategic transactions.

9. Are we using costing to make decisions, or simply to satisfy reporting requirements?

Tax reporting and management decision-making often have different objectives. Both matter.

10. If we had to explain our costing methodology to a new employee, could we? A

process that depends entirely on institutional knowledge is difficult to sustain, audit, and scale.

Three Practical Takeaways

1. Start somewhere. A reasonable average-cost methodology is better than no methodology at all. The key is to document the approach, understand its limitations, and improve it over time.

2. Focus first on the biggest cost drivers. For most wineries, grape costs, bulk wine costs, labor, overhead allocation, and inventory visibility create the greatest opportunities for better margin insight.

3. Treat costing as a business tool. Accurate costing does not tell you what price to charge. It shows the margin you are earning inside the price the market will support — and where operational decisions are creating or eroding value.