

Fall-Winter 2007-2008

BIG NUMBERS AND WHY THE IRS IS MY NEW FRIEND

Big numbers have dominated this past year on our family calendar. In May our daughter Maddy turned 16 (clean the shotgun!). In July my lovely bride Jennifer turned 50 (she has never looked better!). In September our son Reilly turned 18 (check the airbags!). Next week Jennifer and I celebrate our 20th wedding anniversary (gold star for both!). And in two very short months I will turn 50 (I know I'm forgetting something?!).

In the wine industry this past year we saw some big numbers as in prominent Napa Valley family run wineries that sold out to very large corporate entities for some very large numbers. Rumor on the street has it that there will be more next year. This echoes a larger trend in the wine business as a whole in that we have been seeing the consolidation of many family run wholesalers (just the type of company we seek to do business with) into a small number of multi state behemoths over the last several years.

The point I'm trying to get across here is that the small family run estate winery is becoming an endangered species. Of the myriad challenges our type of business faces the most difficult is surely the hand off from one generation to the next. Not only do you have to find someone in the next generation who has the drive and the ability to forge ahead into the uncertain future, but you have to have the financial wherewithal to appease the suddenly inquisitive IRS.

A large proportion of my energies in the past year have been directed toward the survival of this newly intimate relationship with the IRS. It has been wonderful to discover what an engaging and deserving group they actually are, so generous with their time, so understanding of my plight. They totally understand that I can't possibly produce the mountain of cash that they so richly deserve. And in this tight credit market today where lenders have become much more reticent to extend their dwindling cash reserves to strangers who need loans, the IRS is there for me, and with such great rates!

Lastly, and by no means least, this last harvest finally gave us a full and very deep crop off the big cab vineyard.

So cheers to future, I strongly believe that we will have one!

—Michael Keenan