



Case Study: The Homeplace Vineyard



Background

The Homeplace Vineyard, Inc. is a family owned business located in the southern part of Virginia. The farm itself has been in the family for four generations. Traditionally a tobacco farm, they planted their first grapes, Traminette, in March of 2005. Over the next three years, they have added Cabernet Sauvignon, Chambourcin, and Viognier grapes. They currently tend approximately 5,600 vines on over nine acres of land.



What were Homeplace's goals?

The Homeplace Vineyard's main goal was the establishment of a winery. Until 2009, the grapes produced on the farm were being sold to another winery. In 2010, The Homeplace Vineyard made the decision to produce its own wine. Since they were new to the business of producing and then selling the wine, they needed to analyze several aspects of the new venture such as which products would be available to customers, where the products would be sold, how much they would cost, and how they would be promoted.



Solution

Matson Consulting, through a partnership with Virginia Foundation for Agriculture, Innovation and Rural Sustainability (VA FAIRS), created a feasibility study for the purpose of answering the underlying questions related to the formation of a new winery, and gaining a broader perspective of the possible success of the new venture. In addition, we were able to introduce our clients to the USDA Value Added Producer Grant program. The VAPG is intended to promote activities that will improve the customer base for the commodity or product, and allow the producer of the commodity or product to keep a greater portion of the revenue derived from value-added activities. In Homeplace Vineyard's case, it was discovered that they could generate \$6,000 more for each ton of grapes processed into wine. As a result of the grant proposal prepared by Matson Consulting, the Homeplace Vineyard was able to obtain matching funds to execute their plans.

Matson Consulting

Feasibility Studies

Often clients come to us with a business idea in mind, but without the tools necessary to make their idea a reality. It is necessary to have the right information in order to make decisions that result in success; this information includes negatives such as hidden costs and market trends, as well as positives such as the availability of



alternative funding, grants, and loans that the client is unaware of. In addition to providing solid information, there is often the need for an objective viewpoint through which the feasibility of an endeavor can be scrutinized. Matson Consulting is careful to provide a well-rounded, objective focus in our feasibility studies. Matson Consulting experts gather information during the production of a feasibility study that helps our clients make critical business decisions. It is our goal to work with our client and determine what information would best suit the particular situation, as well as providing the answers we were initially hired to provide. We believe that there are times when the right questions can open a realm of possibility for a business endeavor that was previously unconsidered, and we strive always to provide a comprehensive approach to our consulting services.



Other Tools

In addition to **feasibility studies**, we also develop **business plans** and **grant proposals** for wineries. Since 2001, Matson Consulting has created over one hundred feasibility studies for agricultural, value-added, and bio energy ventures. Over the past two years, we have successfully worked with several wineries throughout the United States; the studies and grant proposals we produce have helped clients obtain grant funding, investments, and bank loans.



How we work

Following is a description of the phases of a feasibility study and how we work with our clients to assess their needs and provide reliable information that our clients can use to make sound decisions:



Phase 1: Face to face meeting to discuss the business venture.

In this meeting, Matson Consulting staff explains the process while determining a plan of contact and the best way to stay in touch (times, dates of the week, by phone, fax, in person, etc) and exchanging ideas and information. Establishing efficient channels of communication is a vitally important first step in the process.

Phase 2: Assess the current business.

In this phase, the consultant prepares a questionnaire to obtain the information required for a successful study. This phase is basically a pre-environmental scanning of the business that provides some information such as: demand for the product, competition, political/legal, economic/financial, and socio/cultural factors. While it may be possible to obtain the information in only one visit, in many cases it takes an extra visit to finish answering the questions and/or confirm findings from a previous meeting. In parallel, other activities may take place, including market research. Data is typically gathered from several sources including market structures,



government statistics, and the knowledge base of the consultants. This research provides important information for the feasibility study. All monitoring and quality control procedures are studied for the venture, and an action plan that identifies critical activities and times is drafted. Once the product is clearly defined, we are able to move on to the next phase of the process

Phase 3: Build the business model; discussion and testing of model results with beneficiary.

After the necessary information is gathered and studied, and the market research has been completed, the business model is built. All costs are considered for the project as well as necessary investments and sources of financing.

Phase 4: Analyze model, risk and sensitivity scenarios

The model is checked for any anomalies and all results are studied in terms of its implications for the venture. In the scenarios section of the study, changes are made to the input data to see how it affects the model's output. In other words, assumptions are made to analyze whether the project will be successful.

Phase 5: Write conclusions and recommendations

Matson Consulting comes to a final conclusion regarding the feasibility of the proposed venture, and the study is presented in its final form.

About the USDA Value Added Producer Grant (VAPG):

The USDA Value Added grant must be used to promote activities that will improve the customer base for the commodity or product and allow the producer of the commodity or product to keep a greater portion of the revenue derived from value-added activities. These activities include:

- Changing the physical state of the product – such as processing milk into cheese
- Producing and marketing a product in a manner that enhances its value – such as organically produced.
- Physical segregation of an agricultural commodity or product in a manner that results in the enhancement of value – such as an identity preserved marketing system.
- Using any agricultural product or commodity to produce renewable energy on a farm or ranch.

www.rurdev.usda.gov/ny/toolbarpages/rbspages/valueadded.htm