

Microcrush Companies Cater to Niche Brands

For small brands, microcrush services can produce wines less expensively when compared to establishing an individual winery.

By Paul Franson

While custom crushing has been a side project for many wineries for decades, a few custom crush companies are now choosing to work with the small customers most winemakers would consider a pain.

Though many wineries make wine for small wineries as a sideline, two such companies that focus on that business are **Napa Valley Custom MicroCrush** and **Crushpad** in San Francisco. Some might consider **Bill Harlan's** high-end **Napa Valley Reserve** operation a variation on the same business. All three, legally, are simply wine producers that sell barrel-size quantities of custom-produced and -bottled wines. To their customers, though, they're providing unique wines. Some of the customers are simply dedicated enthusiasts, but Custom MicroCrush and Crushpad are set up for commercial production as well. Their customers can sell their wines if they have the correct permits.

This microcrush business represents a small part of the overall wine business and one that requires customer handholding and support as much as winemaking, but it has the potential to provide considerable revenue beyond traditional winemaking services for the players. In effect, they're the ultimate manifestation of the wine club, with members heavily committed to the winery and its operations.

All three companies allow their members to produce wine much less expensively than establishing an individual winery, and even the initial \$150,000 cost of a membership at Napa Valley Reserve is a bargain compared to building a winery (though its members can't sell their wines). At Custom MicroCrush, the cost is as little as \$2,000 per barrel, though that doesn't include fruit or barrels. At Crushpad, it's \$3,900 to \$10,000 all-inclusive.

At first glance, a facility making as little as a barrel of wine for 100 different customers might seem like a nightmare, but they've developed systems to make it practical. Napa Valley Reserve simplifies things as all the grapes come from one vineyard and the lots for different customers aren't generally kept separate, even though the members "own" individual vines.

At Crushpad, most of the fruit is supplied by the company from its own vineyard sources, though a good portion of Custom MicroCrush's business involves making wines for growers who supply their own grapes. These two firms keep the lots separate, fermenting in bins. They basically set a lower limit of a barrel of wine for each individual customer, though many of the "customers" are syndicates of individuals.

Most of the production at all three facilities is red wine. Napa Valley Reserve only does red wine, while both Crushpad and Custom MicroCrush have facilities for making white wine as well. Beyond these similarities, each operation is distinctive.

Napa Valley Custom MicroCrush

Napa Valley Custom MicroCrush (www.nvcmc.com) is an offshoot of **Judd's Hill**, a small, respected Napa Valley producer founded by **Art Finkelstein**, with his wife **Bunnie**, son **Judd** and daughter-in-law **Holly**, who are all actively involved. Art, an architect who serves as primary winemaker with Judd as assistant winemaker, bought property in Napa Valley in 1979 with his brother, plastic surgeon **Alan Steen**. Together they founded **Whitehall Lane Winery**, which they sold before the Finkelsteins formed Judd's Hill.

Judd's Hill/Custom MicroCrush recently completed a new winery facility close to Napa; it had previously been operating in remote Conn Valley. The new facility includes a tasting and conference room for its customers as well as complete production and aging facilities.

Custom MicroCrush has more than 100 clients, most making between one and eight barrels. The largest customer makes 40 barrels, but the company is not actively looking for new clients that want more than about eight barrels. Most of the firm's clients make wines commercially, though some are enthusiasts.

The custom crushing began for growers who wanted wines from their vineyards to use as marketing tools, but other people without vineyards quickly came to the Finkelsteins for help. Because of the family's wide connections in the valley, the company is able to find fruit for the clients without vineyards, some from other Custom MicroCrush customers. Some clients prefer to find their own grapes. Legally, the transfer of the wine to clients is a retail sale, and customers have to pay appropriate sales tax unless they have a resale permit.

Customers can get involved in the winemaking process to whatever degree they want, and some even like to help with picking. One customer flies in from North Carolina to help out, with only a couple days' notice. Others help sort, but Art says their favorite involvement seems to be punching down the caps.

The winery uses half- and one-ton open bins as well as some 500-gallon fermentation tanks. It has a large-scale destemmer (which can also be used for crushing) and both basket and bladder presses. The whole crush pad is under cover, valuable not only for

harvest but also for operations like bottling. The wine made for clients is primarily Cabernet Sauvignon as would be expected in Napa Valley. Each barrel is clearly identified with the customer's name, and they can come and taste samples to monitor the lot's progress.

The winery has a new Italian bottling line suitable for small lots, which is a benefit over using a difficult-to-schedule mobile line because of the number of different lots the company needs to bottle. Many customers, especially growers, have very definite ideas about the steps they want to take, but others leave the winemaking up to Art and Judd.

Most clients want to design their own labels, though Custom MicroCrush does offer semi-custom alternatives. All labels, even those for non-commercial customers, must get a certificate of label approval, and the winery handles that paperwork.

The charge is \$2,800 per barrel for one to four barrels and includes crushing, fermenting, pressing, neutral barrels, barrel aging, topping and racking, barrel storage, bottling and bottling supplies (including standard wine bottles, unbranded corks and stock capsules), obtaining label approval, labeling and ongoing winemaking service and consultation. For five through 10 barrels, the cost drops to \$2,000 per barrel with bottling materials paid for by the client. New barrels are not included in those costs; they range from \$300 to about \$800, depending on the type of barrel chosen.

The facility has a permit to make 30,000 gallons-roughly 12,000 cases-and is not yet at capacity. The family's Judd's Hill brand produces about 3,000 to 4,000 cases, and they intend to keep it at that level. The company also offers a blending program in which customers can blend wine from Judd's Hill's stock and create a barrel of custom wine, which is then aged, bottled and labeled to specifications.

One of the appeals of the business is that the whole family is outgoing and they enjoy working with people. "We're serious about winemaking," said Art, "but we want to make it interesting and fun."

Paul Franson Paul Franson of Napa, California writes on wine and business.