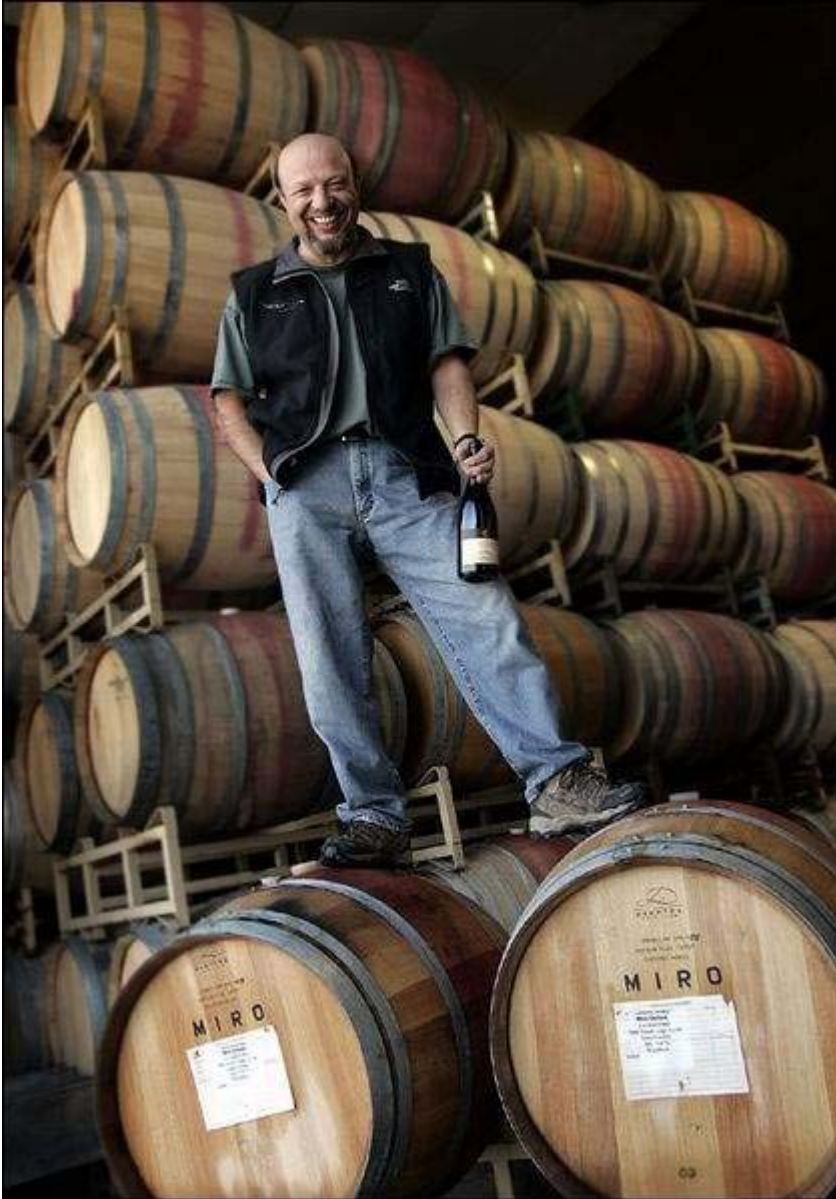


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Case studies



The SSU Wine Entrepreneur class helped Trentadue winemaker Miro Tcholakov gain the knowledge to grow his own wine label "Miro" to 600 cases this year. Photo taken on January 23, 2006. John Burgess/PD

Refining goals

The 13-week course, which starts its fifth year this month, continues to win rave reviews from students and industry members alike for being an effective blend of academic rigor and insight from industry insiders. The goal is to get students to think thoroughly about their business ideas before trying them out in the real world with real money at risk.

"No one's going to be successful unless they really have a solid idea that has solid business underpinnings," said Mack Schwing, director of the School of Business & Economics' Wine Business Program.

The students, most of whom are adults already employed in the wine industry, often start the evening class with either unclear or unrealistic business ideas, Schwing said.

"A lot of times, people come in with a plan and by the time they get halfway through the class they realize they

By KEVIN McCALLUM
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Miro Tcholakov knows pretty much everything there is to know about making fine wine. It's the financing, marketing, promoting, distributing, and selling the stuff that makes his head hurt.

"The risks of the harvest and winemaking process, that's fun for me," said Tcholakov, the winemaker at Trentadue Winery in the Alexander Valley. "The unpredictability of the business, that's the nightmare."

So when it came to building his own wine company, Tcholakov started slow, making just 150 cases a year of his private label Miro Cellars wine each year between 2001 and 2004.

But when the accolades for his \$30 petite syrah started rolling in from everyone from Robert Parker to USA Today, Tcholakov began planning for a bigger 2005 vintage — a whopping 650 cases.

While still microscopic as wine businesses go, for Miro Cellars to more than quadruple its production was a big deal for Tcholakov.

So before blowing his life's savings on a bunch of wine that might never get sold, the 40-year-old winemaker decided to run his plan past a few folks with a little more experience in the wine industry.

He enrolled in the Wine Entrepreneurship course at Sonoma State University, which boasts among its instructors and speakers some of the most successful folks in the industry. There he got the reality check that his flimsy business plan sorely needed.

"There were no rose petals thrown in the class, by any means," Tcholakov recalled. "It was kind of quick and down and gritty, like a boot camp."

have to change their plan dramatically, or they just give it up," Schwing said.

Of the approximately 100 students who've taken the course to date, several are winemakers looking to start or expand their own wine labels.

One of the most well-known is Carol Shelton, an award-winning winemaker with Windsor Vineyards until she started her own company in 2000 with her husband, Mitch.

The couple took the class together in its first year, 2002. They credit it with helping grow their 6,000-case brand to the point where they are ready to move from making their zinfandels at other people's wineries to buying their wines a home of their own.

"It helped us fill in gaps in our knowledge that we didn't even know we had," Carol Shelton said. "It basically says, 'Do you really want to do this?'"

Diverse expertise

But winemakers are far from the only kinds of people who take the class.

Wine importers, stainless steel tank makers, bed-and-breakfast owners and marketing consultants have all taken the course. Computer software engineer Jeff Maddux took the course last year to learn about the industry and ended up getting a job as a cellar rat at a winery in the Dry Creek Valley.

The diversity in backgrounds of the students is one of the course's strengths, said Ted Elliott, a course instructor and vice president of finance for Gold Ridge Pinot in Sebastopol.

"Half (the students) are often very interested in something you and I would never have thought of," Elliott said.

The diversity and expertise of the speakers is another key strength of the course, said Phil Woodward, one of the founders of the program and co-founder of the Chalone Wine Group, which was acquired by Diageo in 2004 for \$186 million.

Networking opportunity

The speakers aren't paid, but many participate because they see it as a good opportunity to meet people who are on the move in the industry, Woodward said.

"When you say this is an entrepreneurship class of 40 people who are already working in and want to get more involved in the wine business, these guys from Wells Fargo say 'I'll be there,'" he said.

While the bankers may urge them otherwise, the instructors tend to caution students against incurring large amounts of debt unless absolutely necessary.

In Tcholakov's case, they counseled him to grow gradually, using his own savings instead of borrowing money, he said. That way, down the road, when Miro Cellars' sales soar, he will be the sole beneficiary of the company's success.

So far, that strategy is working, but just barely, Tcholakov said.

"After my last payment for grapes from 2006, I'm literally wiped out," he said. "It's been a real shock to the checkbook."

The early years of any wine enterprise are often the most thrilling and harrowing of people's lives, and Woodward said he loves helping people see their way through this period and into prosperity.

"On the first night, I always tell them that entrepreneurship in the wine business is not that easy, but it's a hell of a lot of fun," he said.

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