

Boutiques: *starting and staying small*

Larry Walker



The realities of operating a boutique winery, as depicted by Hanzell president Jean Arnold (left), general manager/winemaker Michael Terrien and consulting winemaker Bob Sessions.

Photo: Hanna Henry

The common wisdom in the wine industry these days is that the big producers are going to keep getting bigger by gulping down the mid-size producers. But if you are a small producer and do it right, it's possible to survive and even thrive in the wine market.

Leaving the market aside—that's another story—what is it like to operate a small-production winery in terms of viticulture and winemaking?

The first issue is what to call the small producers. Some call them artisan, but the most commonly used term is boutique.

The question of size, in terms of case production, also comes up. Is the top production for a boutique winery 10,000 cases? 20,000 cases? Maybe even 50,000 cases?

There are other considerations, of course, such as whether or not the owner is directly involved in the winemaking and marketing process and where the grapes are sourced. We decided to go to three boutique producers and ask them to define themselves, hoping in that way to start a dialogue with wine producers and suppliers on the subject.

The ultimate question, of course, is "Why are you so small?" In the case of those interviewed for this story, the

answer always came down to their value system, to what they believe in as a way of life, rather than the bottom line.

Hanzell Vineyards Sonoma County

Hanzell was founded in 1956. According to Jean Arnold, the winery president, current production is about 3,000 cases. Over the next five years, production is expected to top out at about 7,000 cases as a recently built production facility comes into full production.

Hanzell owns 42 acres of vines and all wines are grown, produced and bottled on the property, a rare exam-

ple of a completely estate winery in the European sense of the word.

Asked what particular issues with viticulture and wine production come with the territory of being a boutique producer, Arnold said: “The issues with viticulture and production with our size is that everything is done either by hand or in small-production scale. So costs are very high for the intensive needlepoint farming vine-by-vine, to winemaking block-by-block to barrel-by-barrel lot.”

On the issue of costs, Arnold said if one has a short-term view of gross profit margins or short-term return on investment, he should get out of the business. “We have a very long-term approach adopted by our young owner with support of his business trustees. The ‘Hanzell Way’ is a long-term, slow-to-change, careful observation-over-generations approach. I have inherited this approach here, and also the absolute commitment to quality at the highest level for growing flavorful grapes and exquisite wine-making. I know this sounds trite but it is not, here,” she said.

As examples taken from the vineyard side, Arnold said, “We prune rigorously to set the low yield we like for our vines. We then thin when necessary during the growing season. We sort in the vineyard and at the sorting table.”

The easier way would be to allow a larger crop to set and then pick the best clusters, but Arnold feels that there is some complexity lost when too much crop is ripened. “After all is said and done, we make the final blend with all barrels, then start subtracting out the different lots until we get what the winemaker deems the best blend of barrels and lots. We declassify the barrels that are not appropriate for the final blend.”

Arnold said that with the 2002 Pinot Noir, only 450 cases were left for the final blend. “We did not think some of the other barrels were appropriate. This is, of course, a big financial hit. I was able to gain approval for the decision with a five minute phone call with the owner.”

The declassified wine is sold on the bulk market, although Arnold said most of it was good enough to bring \$30 or \$40 a bottle as a second label.

Looking at the larger picture, Arnold said she is “deeply concerned” about the future for many artisan wine producers around the world. “I have added the following tag-line to my correspondence now, and will continue to lecture on this same topic whenever I am speaking around the country: ‘Hanzell Vineyards believes in acknowledging and supporting independent artisan business owners by making the conscious commitment to take the time to search out and support their efforts whenever possible.’”

Michael Terrien, who was recently named winemaker at Hanzell, said he believes that being small is a real plus in the market. “I have observed expressions of relief and support among gatekeepers and consumers when they understand how small we are. It is as if the very fact that we

make only one estate Chardonnay and one estate Pinot Noir gives them a reason to want to like us. Our lives are inundated with information and choices, from overflowing e-mail inboxes to superstores. All the choices available to us are psychologically burdensome, and in response we seek simplification. The singular artisan producer of wine is an oasis in what has become a hyper-capitalist culture,” he said.

Terrien said his decision to come to Hanzell had a lot to do with the history of the winery—it has the oldest Pinot Noir vines in California, and was the first New World winery to use all French barrels. “But even more important to my decision are the circumstances supporting Hanzell’s persistence for a half century. Three owners and two winemakers over 50 years. The current owner is young, and his family has owned the property for 30 years. The stability of Hanzell speaks to its longevity, and encourages me to settle in for a long run.” ■



Hanzell's 42 acres of vines are farmed vine-by-vine; its wines are made barrel-by-barrel; hence, costs are high, and management must adhere to a long-term view.