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**For Twenty Successful Years: "We Sharpen Your Competitive Edge"®**

Date: March 26, 2007

To: Tim Weigle

Subject: Focus Group #5  
Lake Erie Grape Team,  
VFW Hall.  
March 15, 2007  
12:00 p.m. – 2: 20 p.m.

Participants: 15

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Moderator: Les Malcovitch

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**1. Situation Appraisal: What's Going On In Your Industry?**

- a. Depressed
- b. Stressed
- c. Unfairly treated
- d. Very diverse
  - i. Large growers, small growers
  - ii. Not many young growers
- e. Decline in importance
  - i. In economic significance in the area
- f. More global competition
- g. Too much government

- h. Loss of markets
- i. Increased demand for the wine varieties of grapes
- j. The stuff above that was negative had to do with Concord
  - i. There is optimism on the other side of varieties
    - 1. By other, I mean the wine varieties
- k. There are two worlds
  - i. Juice
  - ii. Wine
    - 1. Here we grow mostly juice
- l. Unsettled labor market
  - i. Depend on Mexican workers
    - 1. Not easy to get any longer
- m. Increased expenses
  - i. Inputs are going up very steeply
    - 1. More than inflation
- n. The stress helps make our business stronger
  - i. My productivity per worker has gone up
- o. Sometimes it takes bad things to make us get more productive
  - i. To force us to change
- p. Lots of bad jokes about “cheap”

## **2. S.W.O.T. Analysis: Strengths, Weaknesses, Opportunities, Threats**

### **a. Strengths:**

- i. Lifestyle
- ii. Microclimate
- iii. Great product
  - 1. Healthwise, that is
- iv. Health properties of the grape
- v. Hans and Tim and the Lake Erie Grape Team
  - 1. They are vital resource
  - 2. Some areas may not have such a team
- vi. We have good growers
- vii. Knowledge base
- viii. Multiple processors
- ix. Good lending institutions

### **b. Weaknesses:**

- i. Returns on investment
- ii. Cycles
  - 1. Market
  - 2. Prices
  - 3. Crop sizes
  - 4. Weather
- iii. A lot of growers are so small they don't look at the typical economics of growing
- iv. It's a hobby
- v. Small acreages add up

- vi. If grower has another job
  - 1. No economic considerations as judgment
  - 2. Their volumes can affect the price
  - 3. Economics say it may not pay to grow grapes
    - a. But their other income affects their perception of these dollars
- vii. Insects
- viii. Disease
- ix. Market climate
  - 1. Compared to California and Washington
    - a. This is both a negative and a positive
- x. Demand for wine grapes
  - 1. Not much supply
  - 2. Supply is increasing slowly
- xi. If you grow French hybrid, or vinifera
  - 1. You get less of a crop
  - 2. It takes more work
  - 3. You get a lot more money at the end for your effort
- xii. If you put a Concord in
  - 1. Concord is easier to grow
  - 2. A French Hybrid cannot be cropped as heavy
- xiii. Time barrier between the time you pull a Concord out, and can get a hybrid crop
  - 1. Four years at least
  - 2. This means a real capital barrier, too
- xiv. The money to replace Concord is not too plentiful
- xv. Farmers tend to be ultra-conservative
  - 1. Resistant to change
    - a. “that’s the way my Dad did it” mindset

c. **Opportunities:**

- i. Good way to raise a family
- ii. Concentration on work ethic
- iii. Training
- iv. Brand recognition
  - 1. Marketability
    - a. “Merritt”
- v. Proximity to market
- vi. Tourism
- vii. Jaimie working on trimming methods
  - 1. Developing equipment
  - 2. Developing technology
- viii. Working with processors who can market our product globally
- ix. New hardy grape varieties
- x. Company come in and drill for gas on our property
  - 1. Could still grow grapes if they found gas

- xi. Wine industry here is still in its infancy
- xii. Create more processors through wineries
- xiii. Establish a wine trail like the Finger Lakes Wine Trail
  - 1. We can use 40 or 50 wineries here
    - a. The more wineries you have, the better base you get
      - i. It takes a long time to develop that industry
- xiv. Jason: A quality issue
  - 1. We don't want the image to be "Mom and Pop"
  - 2. Want world-class
    - a. First class, premium product
  - 3. It's a struggle to get "rep" – a positive reputation
    - a. Buffalo wine enthusiasts – they go to the Finger Lakes
      - i. They don't come here
- xv. We're a great wine trail
  - 1. Slowly growing strength

d. **Threats:**

- i. Government involvement
- ii. Raising the assessment level for property taxes
- iii. FDA has gotten very involved with wine inclusions
- iv. Worry about bioterrorism
  - 1. Track
  - 2. Better be able to audit and track everything in production process
- v. Joe Public perceptions
  - 1. Concerns of farm neighbor
    - a. Pesticides
- vi. Tree-hugger issues
  - 1. So-called Alar scare in apples
- vii. More people moving in from the city
  - 1. They listen to the Home Gardening show
    - a. Look for how can I spray my plants/garden
  - 2. More people spraying in New York City than in the rest of the state
- viii. Global competition
  - 1. Labor is a lot cheaper
  - 2. They can spray with stuff we are not allowed to use
- ix. Keeping our products relevant to the consumer
  - 1. With Certerra, with Welch's, you put your faith in their management
    - a. They do the marketing for us
      - i. At Welch's, they work for us
- x. Young people not going in to the industry
  - 1. Losing the next generation of growers

2. Young person wanting to become grower can't get enough money to invest in the new equipment needed
  - a. Jaimie: Yet, it's investing in the vineyards which makes them more productive

**3. How Long Has Your Enterprise Been in Your Family?**

- a. Gary: Over 150 years
- b. Dan: 100 years
- c. Dave: 100 years
- d. Nate: 30 – I'm first
- e. Pete: 100
- f. Mark: 100
- g. Chuck: 30
- h. Sue: 30 – I'm first
- i. Jamie: 100
- j. Mark: 20, for now
- k. Grapes have been there for 100 years
  - i. 30 years in wine
- l. 100 years – farm started in 1909
  - i. Some vines are probably still original
    1. "You can't kill a Concord"

**4. Who Will Take Over Your Farm After You?**

- a. Someone in my family: 3
- b. Don't know who: 4
- c. Definitely not family: 4
  - i. All four of these farmers said they'd sell

**5. What Will This Industry Look Like in 2-5-10 Years?**

- a. Less acreage of Concord
- b. Fewer farmers
- c. Fewer farms, but bigger farms
- d. Jaimie: You'll see the mega-farm
  - i. 3 or 4 farmers will band together
    1. Form a management company
    2. Pool their acreage
- e. Don't think it looks too good
- f. Hope companies are still in business to take the grapes
  - i. "Take" is the important word
    1. We would like them to pay us, not "take"
- g. Wineries and agritourism will thrive
  - i. We need more effort to make it happen
    1. More dollars of investment
    2. More skills at making attractive
  - ii. We have a unique opportunity here
    1. We just haven't tapped it

**6. What Will Your enterprise Look Like In 2-5-10 Years?**

- a. It will double
- b. I'm building a winery
  - i. Planting new varieties
- c. In two years, Concord will be ripped out
  - i. In Five years, winery will be opened
    - 1. In ten years, will see good recognition
- d. Aging of growers
  - i. Sale of vineyards more imminent
    - 1. More will go in the next few years
- e. Eat or get eaten
- f. Farmers will join together
- g. Where grapes are grown, the best sites only is where grapes will be grown
  - i. Acreage will be shrunk down to only the best land
- h. Growers will be taking the best Concord sites to put the new wine varieties in
- i. We'll all be millionaires
- j. We'll be utilizing a lot more technology
  - i. Management practices
  - ii. Global Positioning Satellites (GPS)
  - iii. (Crop) nutrition
  - iv. Soil sampling
    - 1. This will allow a bigger farming operation to do on 500 to 1000 acres what I do now on 200
      - a. I'll have to do that to survive

**7. What Would Your "Ideal World" Look Like?**

- a. Grow as many tons as we can
  - i. Low sugar
  - ii. High price
    - 1. \$300 to \$350 a ton
      - a. "Take another candy"
  - iii. Juice and wine a cure-all for health concerns
    - 1. Got to get that word out
      - a. Again and again
  - iv. Tourism wouldn't stop in the first quarter of the year
  - v. Generations continuing farming
  - vi. Less interference from government
  - vii. No stress
  - viii. Better business environment
  - ix. More skilled workers
    - 1. More workers with relevant skills
    - 2. Workers with more skills
  - x. Get all this, and we don't need low interest rates
  - xi. Best of equipment
  - xii. Opportunities for grant money from Government

1. Loans from the USDA
2. Help with transition away from Concord
  - a. Canada
    - i. Paid people to pull labrusca
      1. Plan vinifera in its place
- xiii. Recognition
- xiv. Strong producers in addition to you
  1. You need other producers out there to promote your cause
    - a. Need a critical mass
      - i. Now, there are 12 wineries in the county
- xv. Concord is my most used grape
  1. In wine industry, we don't try to be Napa Valley
    - a. We have our own unique taste
      - i. We want to create something we're known for
    - b. If you're using Riesling
      - i. If you have 20 growers, you have 20 different types of Riesling wine
    - c. Concord – all are going to be pretty much the same
    - d. Cabernet Franc, Sauvignon, Pinot Noir
      - i. I grow all of those
      - ii. But 75 percent of my wine sales are Concord
    - e. For Pinot, I get \$25 a bottle
    - f. For Cabernet, I get \$17 a bottle
    - g. For Niagara, I get \$7 a bottle
  2. Concord is considered a table wine
- xvi. Maybe we have an advantage we haven't used
  1. We have 100 year-old vines here
    - a. Their grapes make juice
    - b. Their grapes make wine
      - i. We've just been named the Concord Heritage Grape Belt
- xvii. We can promote
  1. The beauty of our countryside
  2. This Heritage
  3. The Chautauqua festival
  4. The College
  5. Lake Erie
  6. Good Wine
  7. Great Grapes
  8. Strawberries
  9. Corn
- xviii. Over 1.5 million cars a year go through the Ripley toll booth
  1. If we can get them to stop
    - a. They'll buy gas

- b. They'll buy a bottle of wine
- xix. Combine strawberries and corn
  - 1. Make Farmer's Markets

**8. Talking About the Lake Erie Grape Program team:**

- a. **What do they do that's positive, good?:**
  - i. Are they good? Absolutely!
  - ii. If we have a question, we can call them up
    - 1. They're right there
    - 2. They give recommendation
  - iii. Useful research
  - iv. Good meetings
    - 1. Coffee pot meetings teach us a lot
  - v. They're friendly
  - vi. Provide in-season information
    - 1. Important to what you're doing
  - vii. Give us this information in fashion that's most useful for us
    - 1. Like e-mail
      - a. Can read it in the morning and carry out
  - viii. The information they provide is farmer-friendly
  - ix. What they did for me was insurmountable from a personal standpoint
    - 1. They educated me
    - 2. Large percentage of my success goes to the Extension team
    - 3. As a boy, with my Dad, we didn't put the right stuff on
    - 4. Now, with Extension team help, we do what's right
- b. **What's Negative?**
  - i. "Nothing"
- c. **Is there anything they do that they shouldn't – no value to you?**
  - i. "Uh-uh"
- d. **What Could They Do that They Don't Do Now?**
  - i. More focus on wine grape varieties
  - ii. Should be working on wine varieties
  - iii. The majority of the grapes processed by
    - 1. Welch's
    - 2. Cliffstar
      - a. Need to make sure that Extension works with Concord
        - i. Do the right research
        - ii. Extend it to the U.S.
  - iv. Tonnage we grow:
    - 1. Welch's – takes Concord for juice – 100,000 tons
    - 2. Total New York Concord production – 150,000 tons, most of it out of here
    - 3. Cliffstar – 30,000 tons
    - 4. Grower's Co-op – 10,000 tons

- 5. Carriage house – 7,000 tons
  - 6. Mogen David – Concord grapes for wine
  - v. Local wineries buy from Finger Lakes or from Long Island
    - 1. Finger Lakes wineries are looking here for Riesling
  - vi. Another 1000 to 1500 acres of wine grapes would not flood the market
  - vii. There are close to 30,000 acres growing grapes in the Belt
  - viii. Growers are interested in diversifying
    - 1. But Extension helps us make the decision before we move away from Concord
  - ix. Extension is vital collecting the data
    - 1. We all do our farms differently
      - a. Dan has a new harvester
        - i. We do it in tunnel vision
          - 1. We don't get to see how others do it
          - 2. I don't get to other farms
            - a. But we SHOULD see other ideas
            - b. I may or may not use them
      - 2. We should have someone in the LEGP make this happen
        - a. Coordinate these inter-farm visits
- x. Farm tours – LEGP team set them up
  - 1. What about the guys in Pennsylvania?
    - a. Or it could be visits to Finger Lakes
      - i. They do stuff differently

## **9. Around the Table:**

- a. We all want Concords to pay more.
  - i. If they go to \$300 per ton again, we're going to get new competition
    - 1. Now, get \$200 a ton or less – use Concord
  - ii. Quality, sugar where you take them up
- b. Not enough emphasis on premium character of Concord
  - i. Concord was once a premium variety
    - 1. We got paid an extra \$30 to \$40 a ton for their flavor
      - a. We lost that
  - ii. Today, Concord is a commodity
    - 1. Some of this is due to that \$300 to \$350 a ton we got
      - a. We priced ourselves out of the market
- c. Even when the price was up, some vineyards were lying on the ground
  - i. Farms given up good practices
    - 1. Were milking it
  - ii. But the processors still took their grapes
    - 1. The only criterion was sugar
  - iii. Those growers should be taken right out of the market

- iv. These farms are a low percentage of the total, but they are still a factor
- d. It's a pain for us to compete globally
  - i. We need technology
    - 1. Try to pull together
    - 2. Combine strengths
      - a. We could then make a lot more happen than we do now
    - 3. Low Participation a problem
      - a. Not all growers take part
      - b. Not all growers would work at it
- e. What role of Extension Team is there in making unity idea happen?
  - i. unity explanation
- f. Got to figure a way to get the price of materials down
  - i. They are skyrocketing in comparison to what we are getting for the crop
  - ii. You can cut corners only so long
- g. Majority of grapes here are Concord
  - i. Biggest way to improve bottom line is to get the cost of production down
  - ii. Not everyone does a budget, or does financial analysis
  - iii. Not everyone can tell what it costs to produce a ton of grapes
  - iv. It is hard to move the price of a commodity up
    - 1. The solution is to get costs down
- h. I disagree (with Bryan)
  - i. We have very conservative practices
  - ii. All farmers are conservative
    - 1. We are good farmers
    - 2. But we can't sell it (our crops)
  - iii. There are excellent growers in this room
    - 1. They use excellent farming practices
  - iv. They get the most out of each acre they grow with the least input
- i. It's past two o'clock...
- j. Need to have people relate to government
  - i. Government bails out every other industry
  - ii. Farmers work hardest with the least return of anyone in the USA
  - iii. It 's a shame (for a government) to let others feed their people
- k. I agree with on the ideas of quality
  - i. We need to concentrate on high quality
  - ii. Extension needs to concentrate on keeping themselves relevant to growers
    - 1. Keep doing things like this
- l. Talk about diversification
  - i. I grow 20 different grape varieties
  - ii. Not all my eggs in one basket
  - iii. We have to come up with a way to work together

1. It takes everyone, government included
  - a. We must take good course going forward
- m. I agree with the “focus on the bottom line” comment
  - i. The processing company cares about the bottom line
  - ii. Those kinds of adversities force him to be more productive
  - iii. While make the transition from Concord
    1. There needs to be a good process of communication with winery
      - a. What kind of wine grapes do you need?
        - i. Avoid a glut of the wrong kind
- n. Hans: the model for Extension has been the cookbook approach
  - i. Now, we know each farm is different
  - ii. Would be best to help individually
    1. Help the grower think more intelligently about his options
      - a. About management
  - iii. Some growers still want “formula”
- o. Tim: Thank you all for coming
- p. Les: If you think of something you didn’t get a chance to say, phone me anytime between 5:00 a.m. and midnight, or e-mail me at [lmalcovi@stny.rr.com](mailto:lmalcovi@stny.rr.com)

Adjourned at 2:20 p.m.