Crushed by Covid: The Pandemic Challenges Custom Crush Facilities

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Husband and wife Eric Story and Allison Smith Story had to abandon their most prized possession for three achingly long months this year. The co-founders of <u>Smith Story Wine Cellars</u> make wines in a custom crush facility where doors have been shuttered due to the novel coronavirus pandemic. From March to June 2020, Smith Story Wine Cellars wine was under lock and key at Sonoma's <u>Grand Cru Custom Crush</u>.

It's yet another challenge for the pandemic-era wine industry: Like traditional wineries, custom crush facilities are part of the food/agricultural sector, an essential business allowed to remain open. However, to preserve their own staffs' safety, many crush facilities drastically altered their production process this year.

"I took the Covid shutdown seriously," says Robert Morris, general manager and partner of Grand Cru Custom Crush. "But we didn't want to just say we're clear and do whatever we wanted to do. We wanted to remain proactive, but also didn't want a freefor-all."

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So, he decided that his crew of four full-time employee cellar workers would take over day-to-day operations, limiting client winemaker visits to "mission critical" needs.

This was a common theme with custom crush businesses. Ronald Du Preez, general manager and partner at <u>Sugarloaf Crush</u>, and Justin Lattanzio, owner and general manager of <u>Vinify Wine Services</u>—both located within Sonoma County—followed similar protocols at their facilities.

"For the safety of our small team, we did shutter the doors to our clients unless they were bottling," said Du Preez. Even then, client winemakers were only allowed in certain areas of the facility at certain times.

During Sonoma's "phase 2," which allowed certain businesses to re-open as of mid-May, the facilities were able to loosen restrictions. "We're a large building at 48,000 square feet of production area...so we can far exceed the six-foot requirements," says Du Preez. "But we still asked [winemakers] not to come in if it's not absolutely essential." A frustration for many, but vital in keeping both cellar staff and clientele safe and healthy.

To communicate with their distanced clients, each facility utilizes Innovent, a cloud-based management software that allows for remote work-order placement. "Or they can call or email me," says Morris. "Anything they need to get done will get done."

Fortunately, March through May is what Lattanzio calls "slow season;" and most cellar work is "standard maintenance."

"As we move into summer, there are more clients in the winery," says Du Preez. "We do our best to limit the exposure to clients/staff, staggering occupancy in different areas." Everyone is supplied face shields at sign-in.

When it comes to sales, many custom crush winemakers are small operations, dependent on on-premise channels. "Some are good at getting their DTC sales, but that is an impacted segment right now," adds Du Preez.

Both Sugarloaf and Grand Cru have hospitality areas some clients are now using during the advanced stages of tasting room re-openings. But Du Preez acknowledges that a few are still estimating overall decreased sales and are planning to cut production for the 2020 and 2021 vintages.

One custom crush winemaker, who wished to remain anonymous, told *Wine Enthusiast* that they've had to sell some of their cellared 2018/2019 wine on the bulk market to keep up with custom crush production cost, late penalty fees and other business debt.

"For some, this is their bread and butter. We have to be able and flexible to work with them when things are dire," says Du Preez when asked about his clients' financial ability to continue working with Sugarloaf. Lattanzio, too, notes that he's been able to work with Vinify's clients on extended terms or payment plans on a need-by-need basis. "It's the wineries who are on the frontlines who are feeling the pain. If they get into too much trouble, then that will ripple into custom crush."

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