

JEFFREY L. LAMY: *The Business of Wine Making*. Board and Bench, San Francisco, CA, 2015, 360 pp., ISBN 978-1-935879-65-7, \$45.00.

*The Business of Wine Making* is a comprehensive book that covers all aspects of grape growing, wine making, wine marketing, and business in 360 pages of tightly packed information related to science, viticulture, enology, economics, and business.

Let me begin with my conclusion. This is an outstanding dual-purpose book. On the one hand, it is very practical and may serve as the perfect reference guide for the beginning or advanced grape grower, winemaker, or wine marketer. On the other hand, it is theoretical and very useful for every wine aficionado who wants to know more about wine and its production, at a profound level.

It was only after I had read the first 30 pages that I noticed the biography of the late Jeffrey Lamy (1938–2014) on page 349. After a long illness, he passed away just after finishing the final update on the manuscript of this book. An obituary published online by the *Oregonian* on May 9, 2014, (<http://obits.oregonlive.com>) *Oregon Wine Press* sketches the main stations of his life: “Lamy was a 1960 graduate of Yale University with degrees in industrial administration and mechanical engineering. He later earned an MS in business.” After working in the aerospace industry, he became the manager of the Chamber of Commerce of Moscow, Idaho. Later on, he was the director for economic development for the Eugene, Oregon, Chamber and was subsequently appointed to the Pacific Northwest Regional Commission. In the late 1970s, he moved to the Portland, Oregon, area to become a vineyard and winery consultant and sought-after speaker and lecturer. As general manager and winemaker, he guided Montinore Vineyards, then Oregon’s largest vineyard-winery (400+ acres), from feasibility study to national prominence.

Lamy also was a regular contributor to the website Enobytes.com (<http://www.enobytes.com>). His posts include analyses ranging from issues related to *terroir* and technology to urban wine markets. His contributions go in length, depth, and thoughtfulness substantially beyond what is currently considered a blog post and will fascinate every wine economist.

*The Business of Wine Making* appears to be the quintessence of his professional life and his passion. It is divided into 19 chapters plus a 10-page appendix. In addition, there is no shortage of synoptical support. The book contains 104 tables and 110 figures!

Lamy begins his book by describing the market place, supply and demand side (chapters 1 and 2), trends in the number of wineries, by size and region, and their production differentiated by region and kind of wine, cost and price trends, demand, and market conditions. Interestingly, aside from the three western states of California, Oregon, and Washington, he also covers New York, Virginia, and Michigan and their grape varieties including many French-American hybrids.

Chapters 3 to 7 are about the grape and its growing conditions. Here Lamy devotes more than 20 pages to solar radiation (some parts of chapter 3 and all of chapter 4). For various orientations, slopes, and latitudes he provides figures with hourly incoming solar radiation just like Orley Ashenfelter and I did for German vineyards (Ashenfelter and Storchmann, 2010). Lamy also provides the mathematical link between radiation and temperature and details how planting and pruning can optimize the solar energy influx; this is fascinating and meticulous work. He goes on by describing the outline of a vineyard and how it should be maintained including various spraying regimes, and finishes with a financial analysis.

In chapters 8 and 9, Lamy sheds light on the winemaker's role. First, "what does a winemaker cost? (p. 123)" As we learn, in 2012, in California experienced winemakers earned between \$90,000 and \$105,000 per year. In addition, "Profit-based bonuses seem to be gaining popularity with eastern wineries."

He then continues with describing the technicalities of wine making, from the determination of titratable acidity, over various fermentation methods, yeasts, filtration, and cyroextraction (for eiswein) to bottling. Everything is covered in great detail and supported with ample figures and tables. There is a lot to be learned here. *Carbonic maceration*, for instance, is always used on Beaujolais wines: "The usual procedure is to fill a tank with whole clusters and seal it up except for a relief valve. The weight of the grapes crushes some at the bottom of the tank. Yeast fermentation starts spontaneously in the juice from the native yeast on the grapeskins. CO<sub>2</sub> production drives the air up and out, so intercellular fermentation can begin. ... The process metabolizes some of the malic acid, softens the wine's tannic edge, gives it a fat mouthfeel and imparts a taste dimension that distinguishes Beaujolais wines" (p. 138).

In "Does the Wine Sell Itself?" (chapter 10), Lamy discusses various ways to market the wine produced such as winemaker dinners (he adds in bold: "The diners expect to meet the winemaker" [p. 198]), tasting rooms and in-store wine tastings, weddings, and wine-related merchandise. Here, he also gets to the legalities of direct shipments and wine clubs accompanied by a section entitled "Distributors Control Your Marketing Destiny." This chapter is not just relevant to the practical winemaker, Lamy also raises the larger issue of U.S. alcohol regulations and particularly considers the economic implications of the three-tier system.

Chapters 11 to 13 are devoted to bookkeeping issues and the capital stock (i.e., winery equipment and the winery itself). Typical for this book, Lamy often moves from the big picture down to the smallest detail. For instance, what crush pad equipment is needed? How do the various crush models work? What are the best brands? There are many tables that detail the cost effectiveness of various destemmers, pomace pumps, and presses. Lamy also presents numerous winery design outlines and floor plans depending on the desired capacity.

Chapter 14 deals with winery revenues and expenses and is mainly a spreadsheet exercise. For wineries of different sizes in growing regions as different as Arizona, California, Colorado, Maryland, New York, Ohio, Oregon, or Washington, Lamy lists all cost components including taxes and makes inferences about the yields and grape/wine prices needed to meet certain profitability goals. This analysis is augmented by a scale economy study (chapter 16). For both grape growers and wine-makers, Lamy sets a minimum size needed to at least break even.

Assessing the profitability of a winery is also important for acquisitions (chapter 15) to make sure the old joke: “How do you make a small fortune in the wine industry? Answer: start with a large one” (p. 303) does not come true. In two short chapters (chapters 17 and 18), Lamy describes various management issues and “where to get the money” (p. 323).

The book concludes with a case study, written in dialogue style, that wraps up the book with a few business questions he leaves to the reader to decide.

Overall, this is a fascinating book, densely packed with information. Those who want to learn more than is already documented in this book can consult other sources. After each chapter, Lamy lists the most important references, oftentimes classics by authors such as Maynard Amerine, Emile Peynaud, or Albert J. Winkler.

I utterly enjoyed reading this book, and I learned a lot. *The Business of Wine Making* is a must for anybody who grows grapes or/and makes wine or ponders doing so in the future. Due to its comprehensiveness I would also recommend it as a textbook for Wine MBA courses, that are currently sprouting everywhere, particularly if they have a multidisciplinary focus. In addition, it will serve as an excellent reference for the nonproducing consumer who wants to learn more about his or her favorite beverage.

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## Reference

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