

Would you leave the world of spreadsheets for a life of toiling in the soil, growing grapes and operating a winery? These CAs did

By Paul McLaughlin

THE Wine \$ELLERS

Mauro Scarsellone, the co-owner of Ontario's Ridgepoint Wines, cradles a bottle of his prize Nebbiolo, a premium red wine made from grapes that originated in the Piedmont region of Italy, home of the renowned Barolo wines. "It's a question of art versus accounting. I could sell this 700 times over and generate much-needed cash flow. But the Nebbiolos in my cellar need to age longer. The CA in me wants to get the money now but the winemaker in me says no, not yet. Better to wait." The son of Italian immigrants who left the old country

*Mauro Scarsellone
and his wife, Lucy, at
their vineyard in
the winemaking area
of the Niagara region*

Photography by PAUL ORENSTEIN







GARY REYNOLDS, left, owns Lake Breeze Vineyards along with two other CAs and an investment banker: the first six years were very tough. **BOB FERGUSON**, right, applying the taste test: along with his brother-in-law, he makes wines at the Kettle Valley Winery in the Okanagan. **MICHAEL BOTNER**, below, has a passion for writing about wines. The freelance wine critic also taught the sommelier program at Algonquin College, Ottawa

at a young age to get away from a life of toiling in the soil, the Canadian-born Scarsellone nevertheless grew up with a sense that winemaking was a natural thing to do. “My family in Italy always had an olive grove and a little vineyard,” he says, a tradition his grandparents in particular continued in Canada. “Every year I would help them make wine, enough for their personal use.”

Strongly encouraged by his parents to become a white-collar professional, Scarsellone obtained his CA in 1987 and joined PricewaterhouseCoopers in Toronto as a staff accountant, later becoming an audit manager. One day in 1995, a visit to a PwC client in the St. Catharines, Ont., area, about an hour’s drive south of Toronto, brought him to the winemaking region of the Niagara Escarpment, a massive ridge of fossil-rich sedimentary rock that spans some 725 kilometres. “I wasn’t intending to get into wine,” he says. “It may sound stupid, but a hidden gene went off inside me that day.” A short time later, he and his wife, Lucy, along with his sister Anna Gottardo and her husband, David, purchased a 20-acre property perched atop the escarpment

and christened it Ridgepoint, due to its location. His parents were not impressed. “They said, ‘We left Italy to get out of farming. What the hell are you doing getting into it?’”

Scarsellone continued at PwC for the next seven years while he and his partners slowly developed their new venture. He left accounting in 2002 to devote all his energies to the winery, which officially opened that year. Like the other CAs in this story who departed the profession to pursue a career in the wine industry, the 45-year-old has found tremendous personal satisfaction in his new endeavour and a lot of challenges. “It’s an incredible amount of work,” he says, “and you’re constantly battling elements that you can’t control, especially the weather. We didn’t produce any Nebbiolo in 2003 because the crop was wiped out by frost.”

Balancing the books is a constant concern. Neither he nor Gottardo, who runs the restaurant side of the business, has taken a salary in the seven years since they opened Ridgepoint. “We’ve reinvested everything back into the business,” he says, “particularly for winemaking equipment, which is very expensive.” Being a CA, he says, has made his foray into winemaking much

PHOTOGRAPHY: GLEN DURRELL/KLIXPIX



easier. “There are a lot of business decisions, such as pricing and full costing versus variable costing, that are much easier to make because I have a CA background.”

The accountant in him was also tested when he had to decide whether to purchase French oak barrels for his wine, at a cost of about \$1,000 a barrel, or American oak barrels, at half the cost. “French oak creates a slightly nicer, more refined flavour. It makes a nicer wine,” he admits. “But in buying them I wouldn’t have been able to keep the price per bottle at a range where people feel comfortable paying. Maybe a few drinkers can tell what kind of oak was used to age the wine, but I didn’t think enough of them could to justify the higher cost.”

His winery has won numerous awards in the past few years, a result, he believes, of his insistence on using European grapes instead of the Niagara and Concord varieties that he inherited upon buying the winery. “I remember when I was growing up my grandfather would say that Niagara and Concord are the most awful grapes for growing wine,” he says. “He had tried using them and said the wine was the most awful stuff.” When Scarsellone told his father Ridgepoint would grow European varieties of grapes his dad predicted they would never grow in southern Ontario. But Ridgepoint is blessed or cursed (depending on your point of view) with clay soil, unlike the sandier type that predominates in nearby plots of land. “There’s an old world adage that the more difficult the soil the better the wine,” says

Scarsellone laughingly recalls a saying many in the wine business like to recite: “If you want to make a small fortune making wine, start with a large fortune.” What allows him to survive is the steady income brought in by his wife, a CA as well

Scarsellone. “It’s harder to grow grapes in clay because it’s a heavy soil. But the vines tend to work harder to ripen, which benefits the fruit. It’s like athletes. The harder they train the better they perform.”

Ridgepoint has performed well but it’s still not a big money-maker. As Scarsellone ponders the financial rewards of running a winery, compared to the steady income he generated as an audit manager, he laughingly recalls a saying that many in the wine business like to recite: “If you want to make a small fortune making wine, start with a large fortune.” What allows Scarsellone to survive is the steady income brought into the family by his wife, a CA who works as a business manager of finance for Cisco Systems Canada Co. “Thank God for her,” he says. “Somebody in the family has to have a stable income!”

The Scarsellones are not the only husband-and-wife CA team to have combined their resources to make a financial go of it in the Canadian winemaking business. Gary Reynolds, 54, obtained his CA in 1993, at age 38, after having dabbled in several careers, including some in which he gained retail experience. For almost the next 10 years he applied his accounting expertise to help turn around the continuing education division of the Edmonton public school board, which was struggling financially. At the same time his wife, Tracey Ball, FCA, was establishing herself at the Canadian Western Bank in Edmonton, where

she serves as its senior executive vice-president and CFO.

The two had always shared a love of wine and had been members of a wine club when they lived in Vancouver before moving to Edmonton in 1988. On Victoria Day weekend in 2001, they were scouting for a small summer property in BC’s Okanagan Valley, which they hoped would be large enough to allow them to have a small personal vineyard. For a lark, their companions, Drew and Barbara MacIntyre, suggested they stop at Lake Breeze Vineyards, which was up for sale. Situated on the Naramata Bench in the south central part of the valley on Okanagan Lake, the 17-acre vineyard, which was bathed in sunlight that afternoon, made an irresistible impression on all of them. At dinner that weekend, the four decided to buy the business, which Gary would run (his wife retained her job in Edmonton, and travels to the Okanagan as much as she can; Barbara MacIntyre, CA, is a homemaker, while Drew MacIntyre is vice-chair of investment banking for TD Securities in Calgary). As the winery’s website says, “The owners of Lake Breeze are a bunch of financial folks — bankers and CAs.”

Lake Breeze Vineyards had been operating since 1996 but not particularly well. One reason was that the previous owner had little interest in developing the retail wine shop that so many small wineries rely on for a significant portion of their income. Another was its overwhelming reliance on white wine, which

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customers tend to buy in small amounts, unlike red, which is more often purchased by the case. Reynolds was confident he could rectify those problems.

“With my small business, retail and accounting background, I felt I could fill in all kinds of blanks,” he says. “The only thing I couldn’t do was make wine, but I had a great winemaker who could do that.” Although owned by four people with extensive financial experience, Reynolds admits that even though they “crunched the numbers, we sure got a lot of surprises down the road concerning cash flow and requirements for capital injections. Even with our so-called smarts, we discovered this was a different business with a lot of different timing issues and cash-flow challenges. One example is purchasing grapes. You have to buy a lot of them and you’re not going to make a dollar back from that purchase for at least six months and in a lot of cases at least 24 months.”

For the first couple of years, Lake Breeze was “almost under water,” says Reynolds, and the first six were “very tough.” But through trial and error and a lot of study, he began to see positive results. “Being a CA really helped because it requires you to be very organized and to plan and strategize, which you have to do in the wine business. And being comfortable with the taxes and the accounting itself made a big difference.”

Under Reynolds’ stewardship, Lake Breeze has been the winner of numerous awards for its reds and especially its whites. In 2006, the *Calgary Herald* proclaimed, “Lake Breeze is slowly

but surely gaining a reputation as one of the Okanagan Valley’s premium producers of white wine.” Now producing about 9,000 cases in total each year, Lake Breeze had a breakthrough year in 2008, when it was named one of the top 20 wineries by the prestigious *Wine Access* Canadian Wine Awards. Says Reynolds, “We are a small winery but we’ve focused on quality and value and it’s now starting to pay off.”

About two kilometres north of Lake Breeze, another accountant sits at the helm of a small winery. In this case it’s 59-year-old Bob Ferguson, who obtained his CA in 1979. While working at Dyke & Howard in Vancouver (now D&H Group LLP) he met Tim Watts, a geologist, when they began dating two sisters in 1980. The men shared a passion not just for the sisters, whom they married, but also for wine, which they began to make together. In 1986 the now brothers-in-law bought land on the Naramata Bench and planted some vines. By 1990 they had acquired two other parcels of land. Two years after that Ferguson left accounting in order to begin making wine commercially with Watts. In 1996 they opened their winery, named after the Kettle Valley Railway that had serviced the region from 1915 to 1989.

As Ferguson and Watts evolved their hobby into a business, they too learned it was a very capital-intensive undertaking that required a lot of hard work. “Tim is the geologist so he understands the earth sciences and the soil,” says Ferguson, “while I had the CA background to let us know we should have never been doing this,” he jokes.

it takes one to know one



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While Lake Breeze leaned more on its white wines, Kettle Valley Winery became best known for its reds, such as Pinot Noir, Merlot and Cabernet Sauvignon. Named BC Winery of the Year 2009 by *Wine Press Northwest*, Kettle Valley produces most of its wines in extremely small lots, often generating just a barrel of wine from one of its vineyards, which results in just 25 cases of a Cabernet Sauvignon, for example. "Virtually everything we do is in small lots," Ferguson told *Wine Press*. "We keep each vineyard and variety separate throughout the process and try to release wine as vineyard-designated products. It's a lot of fun to work that way." According to the publication, "selling the wine

is never a problem, as the winery has gained near-cult status in British Columbia and beyond. The vast majority of the wine is sold to restaurants, primarily in Vancouver, Whistler, Tofino and Victoria."

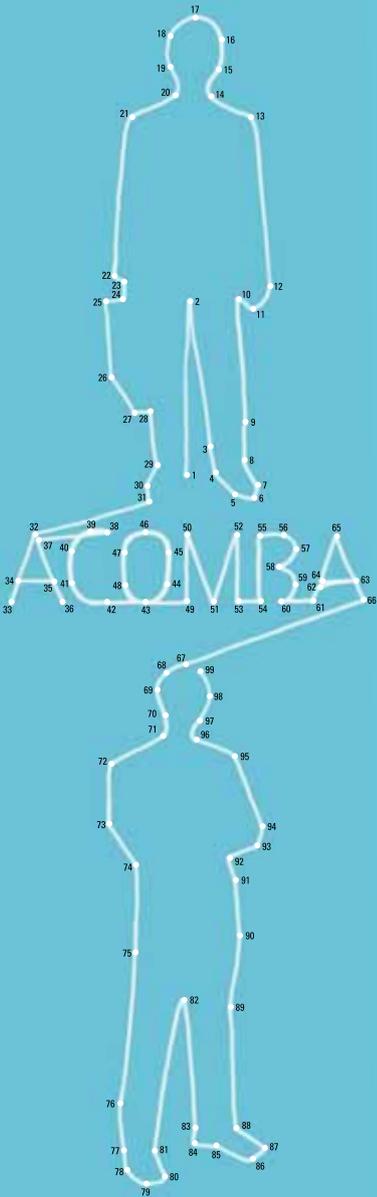
The success of Lake Breeze, Kettle Valley and numerous other wineries in the Okanagan Valley has a lot to do with the climate (it's one of the warmest parts of Canada) and soil of the region. It averages 2,000 hours of sunshine annually, which combined with moderate temperatures and cooling breezes makes it an ideal area for growing grapes. The rolling hills are blessed with variable soil types that an experienced grape grower, especially a geologist like Watts, can exploit to produce numerous different wines, 29 in the case of Kettle Valley. These natural advantages have also caused the price of the land to skyrocket. "When we started an acre cost about \$10,000," says Ferguson. "Now it's probably \$200,000 to \$250,000."

While Scarsellone, Reynolds and Ferguson have all applied their CA backgrounds to making their wine businesses prosper, wine writer Michael Botner found in wine a passion that his profession had not provided him. Botner achieved his CA designation in 1972 and spent most of his career working for Public Works and Government Services Canada in Ottawa, until he took early retirement in 2003 and moved to BC. "I don't think I was terribly compatible with some aspects of the day-to-day work of a CA," he says.

Nevertheless, the 64-year-old named his bed and breakfast Accounting for Taste, which he runs with his wife, Rosemary, in Kelowna, BC. His three-room operation is also located in the Okanagan Valley, and it too looks out on the lake. In addition to running the seasonal business, Botner offers guided tours of the wine area, known as Napa North, which has more than 90 wineries, including at least a dozen in Kelowna.

Self-taught in the nuances of wine, Botner began writing about his passion in 1979 for the now-defunct *Ottawa Review*. That launched a successful freelance writing career that saw him, among numerous achievements, found the sommelier program at Algonquin College in Ottawa, at which he also taught. He also organized and chaired the Cellars of the World, an international wine competition in the nation's capital, for 20 years.

Although Botner doesn't directly con-



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Winemakers have to spend too much time and energy fighting the government bureaucracy that controls the sale and distribution of alcoholic spirits. “I thought the *Handbook* was tough to follow. It’s nothing compared to the rules for this industry”

nect his CA training to his accomplishments in the wine business, he does think it has helped his writing. “I learned a lot from being a CA, including how to spot details,” he says, “which is very helpful when putting together a story.”

Botner plans on writing a book about the wineries in the Okanagan Valley. When he does it will surely include a chapter on the local climate, which seems ideal for making wine. Southern Ontario, where Scarsellone is based, is not as fortunate. If not for the Niagara Escarpment, it’s likely the wine industry would not exist there at all. “The escarpment is basically a barrier that recirculates the warm winds that come in off the lake [Ontario],” he says. “It acts like a convection oven.” Because his winery sits on top of the ridge, it benefits from a more temperate climate than some of his nearby neighbours.

“You go a kilometre further south and you can’t grow the grapes we do here,” he says, referring to the European varieties he favours. “If someone had told me that when I first started I would have said, ‘you’ve got to be kidding.’”

Nonetheless, he is constantly fighting the weather, and has installed a 30-foot-high wind machine powered by a V-10 motor. “On really cold nights it moves the air around and covers an area of about 10 acres,” he says. “We monitor temperatures around here like a woman trying to get pregnant.”

As with all the CA winemakers, Scarsellone has to spend too much precious time and energy fighting the government bureaucracy that controls the sale and distribution of alcoholic spirits. “I thought the *Handbook* was tough to follow,” he says. “It’s nothing compared to the rules that exist for this industry.” As

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an example, he notes that it took him three years and thousands of dollars in legal fees to get permission to open a restaurant and serve wine at his winery.

It's hard for bottles from a small winery such as Ridgepoint to gain access to the biggest marketplace in the province, the stores run by the Liquor Control Board of Ontario. "The LCBO can't make as much profit off Ontario wines as it can from imports," says Konrad Ejbich, a wine expert and author of *A Pocket Guide to Ontario Wines, Wineries, Vineyards, & Vines*, who rated Ridgepoint's Nebbiolo, "an admirable wine" in his book. "The LCBO is all about profit and corporate thinking," he says, "not like in BC, where the liquor board has supported the industry."

Scarsellone points to the recent Fuzion craze in Ontario as an example of what he and his colleagues have to contend with. Made in Argentina, Fuzion's Shiraz-Malbec blend retails for \$7.45 a bottle. It has evaporated off the shelves. "The supplier would generally be getting about 40% back per bottle," he says. "Even if we retailed one of our bottles at \$10 to compete (his wines are generally in the \$15 to \$20 range), we couldn't pay for the bottle and cork and packaging for \$4. How does Fuzion do it? Because they're being subsidized by the [Argentinian] government. There's no other answer."

Another obstacle Scarsellone and his fellow boutique wineries in Ontario face is a cold shoulder from many restaurants. "In BC, restaurants carry BC wines," says Ejbich, unlike in Ontario, where that is the exception rather than the rule. Reynolds

agrees that wine drinkers in his province are very supportive of the local vintages: "In the past three to five years it's been hard to find a good restaurant in BC without BC wines on the menu. A lot serve only BC wines." Ferguson attributes this to a grassroots influence. "The people in BC got behind the wine industry more than the restaurants did," he says. "That's what drove the restaurants to come on board."

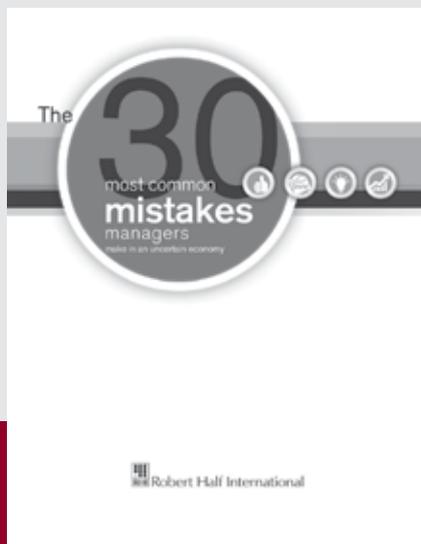
Despite the hard work, low profit margins and bureaucratic frustrations — "I often say there's more politics in wine than there is in politics," laughs Ferguson — all the CAs who have embraced this new career call it a passion, one that fulfills them deeply.

Reynolds wants to encourage others who might have a passion on their radar screen. "If you have the stuff to be a CA then you can do pretty well anything you are interested in. All too many of us get in a comfort zone and stay there. So my message is to go after that passion."

Ferguson says it's because of his chartered accountant training that he was able to take a chance with Kettle Valley. "I probably wouldn't have done it if I didn't have that business background." He also thinks that the risk wasn't really that great. "The worst thing that could have happened was that I failed and would have had to go back to the accounting business. So there was no downside. I just replaced one thing I loved with another that I loved."

Paul McLaughlin is a Toronto writer

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