Subject: Orangewood Wines News No.13, January 2nd, 2005

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To Our Wine Aficionados,

Introduction

It's the first of January and do you know what happened to 2004? I hope you survived the celebrations. We were a little late to bed, perhaps 9:45pm, but it was already the New Year in many places in the world, so it was okay!

Laurie is now back in shape, having healed all the wounds and worked out most of the kinks and general aches and pains from her face-plant a couple of months ago. I am recommending she doesn't do that again.

Laurie and I have just finished the year end inventory and looked at our overall results. I'll be rambling about 2004 later in this newsletter.

Box Score

New restaurants/bars: 5
New retail outlets: 1
New sales people: 0
New wineries: 0

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Upcoming Events - http://www.orangewoodwines.com/wine-events.htm

These events are described in more detail at the web-site. It's also a good place to check for corrections and changes. However, here is what I know at the moment.

January 28th 5:30 - 7:30 Epicurean Wine, Scottsdale February 2nd 6:30 - 7:30 Ninetta's, North Phoenix

New Restaurants and Retail outlets

We are chipping away at several places, but most were too busy to think about adding wines before the New Year, it'. In the meantime, we have now placed wine at the following locations:

58 degrees & Holding Co - Tucson - opening in January or February Acacia at St Philips - Tucson Flat Iron Rotisserie & Grill - Phoenix Fuego - Tucson Gallery Golf Club - Tucson Kingfisher - Tucson Pia's Café - Carefree

Injured Sales Folk

A couple weeks before Christmas Alison fell down a step as she left a restaurant. She broke her foot and now is learning what it's like not to be allowed to drive a car. She will continue in this mode for several more weeks. Our sympathy goes out to her. As a result, I have been handling most of her accounts, poorly, and we will figure out what she wants to do once she is mobile again.

Rambling

So, the results are in for 2004. We sold twice as much wine as in 2003. We had 3 profitable months - 2 of them November and December. We have been bumping along on the edge of profitability for a while. Now we hope we have emerged and can actually generate income consistently. We have continued to tweak different aspects of our business: how we deliver, how we ship from California, and how we reward our sales folk.

Continued growth is going to depend on building more relationships with our target customers. Relationship-building is interesting. Bill has been working primarily with AJ's at Arrowhead. For the first year or two he was selling just a case once in a while. Now it's the most productive of the AJ's stores. Bill has gotten to know all the sales people there and they are comfortable with our wines. They carry quite a few of them. When Archie, the Cellar Master, moved to the Via Linda store, guess what? We started selling to them. Gene, another of their staff, is going to another wine store. We think we will be able to sell there, too. It takes time, but it eventually pays off.

Another place we have been working on is Flat Iron Rotisserie & Grill in Phoenix. Michael opened in the summer, and with 39 wines by the glass, we knew he was serious about wine and felt we should be able to sell him something. Michael went through elaborate blind tastings of the wines he was considering and spent so long with the process that Dick was ready to call it quits. A couple of days before Christmas we finally got our first order. A great way to end the year!

Cheers!

Richard and Laurie

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