

Tasting Room Toolkit

Overview of best practices and
standard operating procedures.



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Many tasting rooms

operate less efficiently and less profitably than they would if they knew and implemented best practices. The Tasting Room Toolkit is a resource for wineries that make and sell product on premises. Our goal is to help tasting room managers and winery owners sell more bottles of wine, run smoother shifts, and improve the business's bottom line. The tasting room is the face of the winery and

can produce a high profit margin if operated correctly, so we recommend investing time and resources in this area of the business to build a strong foundation.

We've worked with hundreds of craft beverage manufacturers and developed this resource to provide actionable insights for managers and owners to improve margins and implement industry best practices.

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Standard Roles & Responsibilities

Vice President of Hospitality

leads every aspect of onsite visitation, creating an exceptionally elevated experience for all guests. This person is responsible for managing events, activities, and the tasting room team. This position reports to the CEO.

Tasting Room Director

is in charge of both tasting room and event teams, effectively ensuring that customers are satisfied with their experience. This person oversees tasting room operations while managing ongoing events. This position reports to the VP of Hospitality.

Onsite Event Coordinator

oversees all aspects of private and public event coordination from initial inquiries to planning and execution. This person delivers superior customer service and is an excellent communicator, manager, and multitasker. The Onsite Events Coordinator manages a high volume of event inquiries while working with other staff to ensure a smooth booking process and successful execution of private and public events. This position reports to the Tasting Room Director.

Tasting Room Manager

is in charge of selecting, developing, and managing the performance of employees and ensuring that customers are satisfied with their experience. This person oversees daily tasting room operations, manages inventory accurately, and assists in other areas as needed. This position reports to the Tasting Room Director.

Tasting Room Manager on Duty (or Shift Manager)

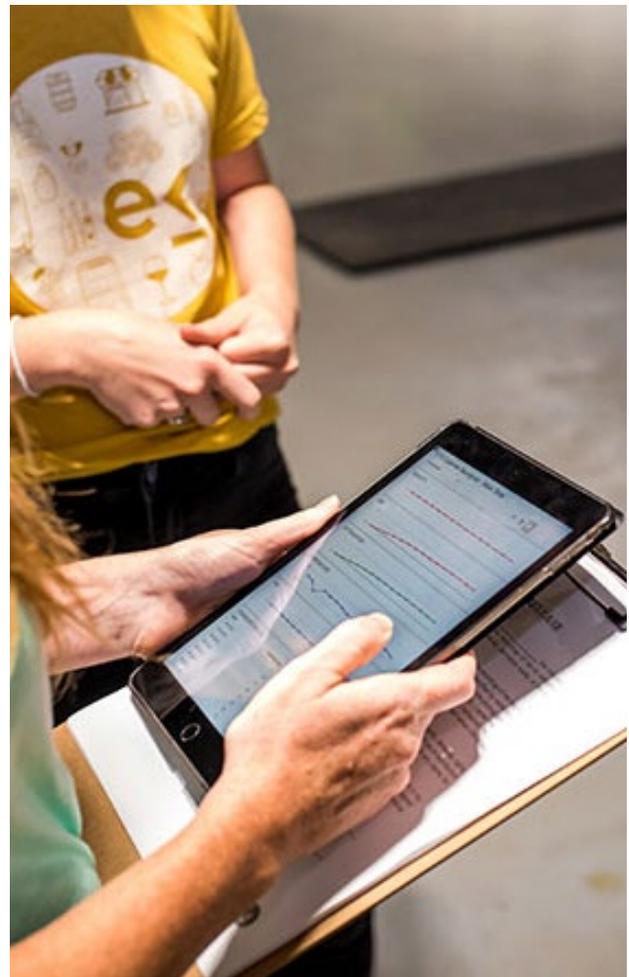
selects, develops, and manages employees while ensuring that customers are consistently satisfied with their experience. This person occasionally serves as acting manager to oversee daily tasting room operations and manage inventory. This position reports to the Tasting Room Manager.

The Merchandise Manager (or Merchandise Coordinator)

organizes and oversees all activities related to selling, purchasing, and tracking merchandise, including setting up merchandise displays in the tasting room and educating staff on available products. This position reports to the VP of Sales and Marketing.

Tasting Room Associates (or Wine Educators)

are in charge of providing a memorable wine tasting experience through education and hospitality. They provide top-quality customer service while maintaining tasting room ambiance and transaction accuracy. They may also provide tours of the winery (and vineyard, if applicable) and are expected to promote the sale of bottled wine and wine club memberships. These positions report to the Tasting Room Manager and Tasting Room Manager on Duty.





Tasting Room Operational Analysis

The following questions are designed to serve as a self-audit to help owners and managers determine how well their tasting room is currently running.

- Does your tasting room have Standard Operating Procedures formally documented?
- How often are the SOPs updated?
- Do you have a training program for all new staff in the tasting room?
- Do you have a dedicated employee for training new staff?
- How many times per week are you performing financial reconciliation in the tasting room?
- What is the threshold for over/under on tasting room cash drawers?
- How many drawers do you have open during peak hours?
- What are the tasks that only Managers on Duty can perform?
- Is your POS set up in alignment with your financials?
- How often do you perform safety and cleanliness walkthroughs of the tasting room?
- How is merchandise reconciled?
- What are the biggest obstacles in the tasting room?
- What is your current turnover rate for tasting room staff?
- Is there opportunity to increase revenue in the tasting room through events, partnerships, or promotions?
- What technology solutions do you use in the tasting room?
- What reports are you reviewing weekly, monthly, and seasonally to determine profitability?
- How is your inventory currently tracked?
- Is your tasting room staff following all bonded area and compliance when moving product?

Technology & Integration

A person is shown from the side, holding a tablet computer. The tablet screen displays a data dashboard with various charts and graphs. The background is a brewery or distillery, with several large wooden barrels stacked on metal racks. The lighting is warm and focused on the person and the tablet.

In working with many craft beverage companies, we have noticed that technology solutions can increase efficiency by decreasing manual entry and duplication of efforts as well as minimizing the time tasting room staff spend on administrative tasks.

Some systems to consider include:

- POS
- Inventory management
- Internal communication
- Keg tracking
- Online appointment scheduling
- HR management
- Standard Operating Procedure creation
- Training (FOH, BOH, OSHA, etc.)
- Wine club management

With careful planning and intention, these systems can be set up, implemented and integrated to maximize workflow and transparency. It is important to consider checks and balances for these systems, as well as creating an end-of-week, end-of-month, and end-of-year checklist for accountability and accuracy.



Merchandise Best Practices

Implementing a Merchandise Management Policy & SOP addresses issues related to inventory shrinkage, exhausting current inventory levels prematurely, and establishing profit margins on merchandise (wine glasses, branded wine totes, growlers/crowlers for wine on tap, etc.) The following best practices help ensure accurate and consistent management of merchandise orders, allocations, and reconciliations.

Areas where merchandise inventory is stored must remain locked at all times. Access is limited to one primary and one backup representative who are responsible for pulling merchandise from inventory. No other employees may access inventory storage

spaces at any time.

The primary merchandise rep is responsible for ordering, managing, and entering all merchandise items into the inventory management system. The merch rep will also restock low inventory items. If multiple locations exist, the merch rep will deliver new inventory when restocking is necessary.

The merch rep will perform physical counts at least once a month and compare physical counts to merchandise reports in the inventory management and POS sales systems. This will identify discrepancies to determine if they are within acceptable thresholds.

Templates

[Download Templates Here](#)

Daily Register Cash Log

The Daily Register Cash Log provides managers visibility to beginning/ending bank and register balances along with a record of cash tips paid out. It is used for reporting cash on the Daily Sales Reconciliation Report. Servers fill out a Daily Cash Log at the beginning and end of each shift.

To utilize the template, employees enter information in the shaded template fields. This log provides accountability to cashiers and requires manager sign-off on the daily shift cash counts.

Cash deposits should be bundled with each day's Daily Sales Reconciliation and POS Z (End of Shift) Report until they are taken to the bank and deposited. Do not commingle shift cash with any Backup Bank Cash.

Daily Sales Reconciliation

The Daily Sales Reconciliation Template assists in reconciling all sales activity reported in the POS Z Report, payments made from the register, tips paid to employees, and tender collected to determine daily bank deposits.

This template is used to create the Daily Sales Journal Entry into the financial systems. It also determines the cash deposit for the shift. This is also where the final cash count is analyzed — cash counted is compared to what cash should be on hand based on register calculations. Staff should enter information in the template shaded fields. Managers sign off on the form after reviewing the cash variance. Cash variances that are outside the agreed-upon tolerance or are consistent to specific employees or shifts should be analyzed.

Templates *cont'd*

Petty Cash Log

The Petty Cash Log template is used to track cash that is added to or taken from the petty cash drawer. Staff use this template by entering the beginning total of the petty cash drawer.

Backup Bank Log

Often, retail operations have a backup bank for extra cash and coin for the register that is separate from petty cash. Use this log to track cash that is added to or taken from the backup bank. Staff use this template by entering the beginning total of the petty cash drawer and subsequent transactions of cash in or out as they occur.

Bi-Weekly Tip Allocation – Calculator

The Bi-Weekly Tip Allocation Calculator is a spreadsheet used to calculate total cash and credit card tips to be paid out to employees bi-weekly. Staff use this calculator by entering data in the highlighted cells. Complete follow-along instructions for this calculator are included in an Overview tab.

Daily Tip Allocation – Calculator

The Daily Tip Allocation Calculator is a spreadsheet used to calculate total cash and credit card tips to be paid out to employees each day. Staff use this calculator by entering data in the highlighted cells. Complete follow-along instructions for this calculator are included in an Overview tab.

A scenic view of a vineyard with a bottle of Lynlie Falls Winery wine on a table in the foreground. The background shows a lush green hillside with rows of grapevines, several white patio umbrellas, and a blue sky with large white clouds. In the foreground, a dark metal table with a decorative pattern holds a bottle of Lynlie Falls Winery wine and a glass of red wine. The bottle label features a landscape illustration and the text 'LYNLIE FALLS WINERY'.

Standard Operating Procedures (SOPs)

SOPs

Overview

Adjusting Cash Deposits – Journal Entry SOP

The Adjusting Cash Deposits Journal Entry SOP outlines the financial system journal entry necessary to record the variance between total cash/credit card sales and the POS Z Reports.

Daily Sales – Journal Entry SOP

A journal entry is required each day to record the transactions and activity from your POS system to your accounting software. The Daily Sales Journal Entry SOP outlines the process necessary to correctly enter this data into the financial system. This journal entry is unnecessary if your inventory management system syncs with your POS.

Recording Credit Card Tips – SOP

The Recording Credit Card Tips SOP describes how to properly record credit card tips paid to employees when 1) tip-out is paid daily in cash or 2) tips are reflected on employee paychecks. This also includes links on how to record cash tips in your financial system.

Wholesale to Retail Inventory Transfer – SOP

When wineries own both the production facility and the tasting room, the financial transfer of inventory from wholesale to retail needs to be recorded via a journal entry that creates a retail COGS and a wholesale income transaction. This SOP explains how to create the correct journal entry. This step is debated in the industry — many think it's unnecessary; many think it's vital. It is our opinion that the production part of the business model needs to receive the income (even if it isn't real dollars exchanged) to accurately represent margins in the production and retail parts of the business.

Adjusting Cash Deposits

Often the amount of cash or credit card sales will be slightly different from your POS Z Reports (and thus Daily Sales Journal Entry or Sales Receipt). If this is the case, and you use multiple Undeposited Funds accounts, then an Adjusting Cash Deposit Journal Entry may be a handy tool to reconcile your expected cash inflow.

Use the template below to enter the Adjusting Cash Deposit Journal Entry. Note the descriptions for each line item.

Account	Debit	Credit	Description	Location	Class
Undeposited Revenue (custom holding account)		\$\$\$	Cash anticipated to be deposited – matches Z/Daily Sales Report	Tasting Room	Retail
Undeposited Funds (QBO built-in feature)	\$\$\$		Cash actually available for deposit	Tasting Room	Retail
Over/Under Drawer Errors		\$\$\$	Difference	Tasting Room	Retail
Other Current Assets: Due from Merchant Services		\$\$\$	CC sales anticipated to be deposited – matches Z/Daily Sales Report	Tasting Room	Retail
Current Assets: Checking/Bank Account	\$\$\$		CC sales actually deposited into checking account	Tasting Room	Retail
Over/Under Drawer Errors		\$\$\$	Difference	Tasting Room	Retail

*QBO means QuickBooks Online



Daily Sales - Journal Entry

Each day you will need to record in your books the transactions and activity from your POS system. This is done using the Z (end of day) Report from the POS system. The simplest way to record this in your books is via a Daily Sales Journal Entry. You can also set up a Daily Sales Receipt as long as you have items that map to the same corresponding accounts. The advantage of the Daily Sales Receipt is that you can mark the retail sales as taxable and use the built-in functions of the QBO Sales Tax Center.

Account	Debit	Credit	Description	Location	Class
Sales: Retail		\$\$\$	Sales on Z Report	Tasting Room	Retail
Sales: Merchandise		\$\$\$		Tasting Room	Retail
Sales: Other		\$\$\$		Tasting Room	Retail
Sales: Discounts	\$\$\$		Enter as a positive number	Tasting Room	Retail
Other Current Liabilities: Gift Certificates		\$\$\$	GCs Sold	Tasting Room	Retail
Sales Tax Payable		\$\$\$		Tasting Room	Retail
Undeposited Funds: Cash & Check	\$\$\$			Tasting Room	Retail
Other Current Assets: Due from Merchant Services	\$\$\$			Tasting Room	Retail

Additional accounts may be needed based on your daily operations. These include:

- Gratuity Payable – Credit (if you do not pay out all credit card tips in cash each night and instead pay them out via payroll, you will need to record this liability and then pull from it when running payroll)
- Petty Cash – Credit (if you do payout all credit card tips in cash from your drawer each night, you may need to pull funds from petty cash to make up your cash shortage for the bank deposit)
- Expenses Payouts – Debit (if you pay out cash from the drawer for kitchen supplies or nightly entertainment, for example, that will reduce your cash)



Recording Credit Card Tips

The purpose of this SOP is to identify how to properly record credit card tips paid to employees when the payout is issued either daily via cash or via payroll.

Tip-Out Method 1 - Daily Cash

Daily Sales Reporting

When paying employees credit card tips daily from the register at the end of the shift, it will be necessary to include this transaction on the Daily Sales Journal Entry in your accounting system to reflect the amount paid to employees. The total credit card tips to be paid out will be found on the daily sales report from the POS system. Perform the following steps to enter the transactions in QBO:

1. Credit the value reported from the daily sales report to the Gratuity Payable account, which is a Current Liability. This account can also be named Charged Tips or Gratuities Payable – it simply needs to be a Current Liability.
2. Debit the total amount actually paid to employees.
3. Since it is common to round to the nearest whole dollar in paying cash tips, it may be necessary to issue a Debit or Credit to the Overages/Shortages in Drawer expense account to balance the entry.
 - If more cash was paid to employees than stated in the Daily Sales Report, Credit the difference to Overages/Shortages in Drawer account.
 - If less cash was paid to employees than stated in the Daily Sales Report, Debit the difference to Overages/Shortages in Drawer account.

Reconciling the Liability Account

Since credit card tips in and tips out may not match exactly, it is a good idea to reconcile the Gratuities Payable liability account each month or quarter. To bring the account balance to zero, simply create a journal entry that hits the Gratuities Payable liability account and the Wages expense account. Debit the Gratuities Payable account if the balance is positive. Credit the Gratuities Payable account if the balance is negative. This then ensures that the Gratuities Payable current liability account nets to zero on a regular basis.

Payroll Reporting

To ensure that the proper employment taxes are calculated on the paid-out tips, be sure to include them in the total Reported Cash Tips when running payroll. The Cash Tips payroll item is for reporting and tax calculation purposes only — it does not pay out additional compensation to employees but rather simply accounts for previously received compensation and then calculates the appropriate employee and employer taxes accordingly.

To follow instructions to add Cash Tips to QBO Payroll, [follow this link](#).

Tip-Out Method 2 - Paychecks

Daily Sales Reporting

When paying employees credit card tips during payroll, rather than at the end of a shift, it is necessary to include the Gratuity Payable on the Daily Sales Journal Entry in QBO to reflect the liability for the amount that will be paid to employees in the future. The total credit card tips to be paid out will be found on the Daily Sales Report from the POS system. Perform the following step to enter the transactions in your accounting system:

Credit the value reported from the Daily Sales Report to the Gratuity Payable account, which is a Current Liability.

The full amount of credit card sales and credit card tips will be included in the Due from Merchant Services line item. Since the credit card tips have been booked to the Gratuity Payable liability account, the liability needs to be relieved via future payroll runs.

Payroll Reporting

If you use QuickBooks Online Payroll, you will report Paycheck Tips when processing payroll. To add Paycheck Tips to QBO Payroll, [follow this link](#).

Journal Entries

If you do not use QBO Payroll, then when employees receive credit card tips included on their paychecks, it will be necessary to either include it via manual payroll journal entries or to include a daily journal entry in QBO to reflect the amount due to employees and an adjusting journal entry once the paychecks are issued.

MANUAL PAYROLL

For paying credit card tips and other components of manual payroll entries, consult a Manual Payroll SOP.

JOURNAL ENTRY

If you do not use QBO Payroll and if you also do not enter payroll manually, then you will need to create a special journal entry to relieve the Current Liability account. For the daily journal entry, total credit card tips to be paid out will be found on the daily sales report from the POS system. Perform the following steps to enter:

1. Credit the value reported from the daily sales report to the Charged Tips/Gratuities account, which is a Current Liability.

For the adjusting journal entry needed at the end of the pay period, total credit card tips to be paid out can be found by running a sales report in the POS system for the pay period being adjusted. If all previous pay periods have been entered and balanced, you may run the Balance Sheet to determine that the total stated in the POS sales report matches the total Charged Tips/Gratuities line in the Balance Sheet. If there is a variance, double check to ensure the daily entries were entered correctly. If the values match, perform the following step to enter:

2. Debit the total value of credit card tips reported for the period to the Charged Tips/Gratuities account.



Wholesale to Retail Inventory

Often a winery owns both the production operations and the retail tasting room where the finished product is sold. Typically, as finished product is produced and moved from Wholesale Production to the Retail Tasting Room, the inventory transfer is recorded in the inventory management software. This transaction is then imported into QBO. This inventory transfer does two things: it creates a COGS for Wholesale and it creates an Inventory Asset on the balance sheet.

However, in order to capture the true transactional repercussions of transferring finished product from Wholesale Production to the Retail Tasting Room, we need an additional journal entry that records the Sale of Product Income for the winery and the Retail COGS for the tasting room. If this journal entry is not recorded on the books when transferring finished product from the winery to the tasting room, then production

is in effect subsidizing the retail operations and both the value of the Wholesale Sale and the value of the Retail COGS is left off the books and you do not have a true picture of the income of the winery and the operations costs of the retail tasting room. The gist is that you want to show what the tasting room would need to pay for wine at wholesale if it was not provided to it by the winery. This can affect planning decisions including expansion plans, investment offers, and even the sale of one or more divisions of the entire business operation.

Many wineries use a monthly Tasting Room Transfer journal entry to record the sale of finished product from the winery to the retail tasting room. This journal entry records the value of wine being sold at Wholesale Prices (not at cost which is the COGS transaction recorded by the inventory management system) to the tasting room as a Retail COGS.

Steps

- Run a report in your inventory management system that details the type and amount of product sold to the tasting room from the winery for the given month
- Using your Wholesale Prices, calculate the total cost for each product transfer:

$$\text{Quantity} \times \text{Price} = \text{Total Value.}$$

- In the Tasting Room Transfer journal entry in QBO, it will be a Debit to the Retail COGS account and a Credit to the Wholesale Income accounts that you use. Many wineries choose to have an entirely separate Wholesale Income account just for this purpose called "Wholesale Income – Tasting Room Transfer" or "Wholesale Income – Bulk Sales to Tasting Room."

JOURNAL ENTRY EXAMPLE

Account	Debit	Credit	Description	Location	Class
Retail COGS	\$\$\$		To record value transfer from wholesale to retail division.	Charlotte	Tasting Room
Wholesale Income		\$\$\$		Charlotte	Production
Retail COGS	\$\$\$			Asheville	Tasting Room
Wholesale Income		\$\$\$		Asheville	Production

- You can have multiple lines for each product if you wish to see further details – and you can include additional notes in the Description area.
- The Debit should hit the correct Retail Location and Class. The Credit should hit the correct Wholesale Location and Class.

Running a winery isn't cheap,

and the profits you gain in the tasting room can make or break your business.

Get every ounce of tasting room profit you can — and give yourself the freedom to make better wine — by implementing industry best practices and improving your team's operational efficiency.

To summarize this white paper:

- Typically, standard tasting room roles will include a VP of Hospitality, Tasting Room Director, Onsite Event Coordinator, Tasting Room Manager, Tasting Room Associates/Wine Educators, Tasting Room Manager on Duty, and Merchandise Manager/Coordinator.
- You should begin by self-auditing your tasting room's day-to-day operations as they stand and identify gaps and weaknesses.
- Investing in technology solutions like POS, inventory management, and keg tracking systems can help decrease manual entry and save your team time (and frustration).
- The Merchandise Manager plays a key role in ensuring accuracy of merchandise inventory counts and maintaining an appropriate amount of stocked merchandise.
- To ensure accurate records, your team should maintain Daily Register Cash Logs, Daily Sales Reconciliation, Petty Cash Logs, Backup Bank Logs, Bi-Weekly Tip Allocation, and Daily Tip Allocation.
- For consistent processes across the team, create and follow SOPs for the Adjusting Cash Deposits Journal Entry, Daily Sales Journal Entry, Recording Credit Card Tips, and Wholesale to Retail Inventory Transfer.

At Ekos, we are a group of disruptive innovators empowering craft manufacturers all over the world to scale their business, streamline their processes, and optimize their teams. Ekos Winemaker is our winery software product created to help vintners make more wine and stop doing so much paperwork.

Ekos offers simple functionality that can be used by any winemaker, inventory specialist, operations manager, owner, or any other team member — all with unlimited customer support and unlimited user registrations (for no extra charge).

Learn more about how we can help your team at goekos.com



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