The data was then used to construct a model that could be customised to suit the needs of each winery, showing mean costs per kilolitre (kL) of wine for activities such as destemming, cleaning and increase labour efficiency. The project and report also highlighted that many wineries don't have a complete grasp on where their biggest costs are coming from and that there are holes in just how much many wineries know about what their production processes could increase profits.

Nick Palousis, CEO of 2XE, said ABC represented a different way of looking at costs and their business. In fact, 2XE CEO Nick Palousis would say: ‘For a sector that’s under serious cost pressure, that’s a big knowledge gap we’ve seen in the sector’.

In a recent project, funded by Wine Australia, cost analysis of wine processing was first developed for manufacturing businesses. However, in this project, wineries were given customized ABC frameworks that could be tailored to their needs. The project and report also highlighted that many wineries have been focusing too much on what is known as activity-based costing, which does not account for all the factors, including wine loss, disposal costs and interruption to workflow, but this cost is often not included in line-item budgets. For example, that many wineries have one line-item at a time, he said. Nick said ABC had considered the actual cost of wine production per kL. For example, that many wineries had considered the actual cost of wine production per kL, for example, that many wineries don’t have a complete grasp on where their biggest costs are coming from. The final report, which can be accessed at www.research.wineaustralia.com, highlights a number of ways in which wineries can use ABC to reduce costs. The report also identifies which processes consume the most resources, rather than just looking at direct activities such as marketing. The report also indicates that many wineries don’t have a complete grasp on where their biggest costs are coming from and that there are holes in just how much many wineries know about what their production processes could increase profits.