

Barefoot Wine's Founders Do Well By Doing Good



Michael Houlihan and Bonnie Harvey toasting to your good health with one of their favorite Barefoot Wines.

The story of how Michael Houlihan and Bonnie Harvey in 1986 launched a scrappy new brand that would transform the US wine industry is one of the accidental opportunity and the vision and courage to seize it. "We fell into business backwards," Harvey says today.

And seize it they did. Houlihan, a wine industry business management consultant, and Harvey, an office manager, got their accidental opportunity when one of Harvey's clients, a grape grower, was left on the hook for three years' worth of grape crop by a winery that turned out to be in the roes of bankruptcy.

In the course of negotiating payment for his grower client, Houlihan persuaded the winery to bottle up and repay the grower in Cabernet Sauvignon and Sauvignon Blanc bulk wine – wine made from the very Alexander Valley grapes, it turned out, that had come from Harvey's grower client to begin with.

That was a start, but once they had the bottled wine, they still needed a label, licenses, a distribution system and marketing, Houlihan says. "We didn't know what we were doing. That started a period of research."

They began to research the wine business, talking to government officials, suppliers and retail stores. One of the first companies they approached about carrying their as yet unbranded wine was Northern California-based Lucky Stores. A Lucky executive advised them on what type of wine would sell. The ideal label, he told them, should be visible from a 4-foot distance, should stand out from other labels, be an easily pronounceable name, and the label image should match the name.

The plan hit another snag, though, when Harvey's grower client decided he did not want to be in the business of marketing and distribution. The solution: Harvey and Houlihan hired him to be their winemaker.

Now that they knew a little more about what they were doing, it was time to create their label. The label image – a bare foot – came to Harvey in a vision. They sent the concept to an artist for development, but the perfect shape and angle of the foot eluded her. The perfect foot, it turns out, was at the end of Harvey's leg. Using the biggest inkpad they could find, Harvey stamped her foot on a piece of artists' paper, and the famous Barefoot label was born.

Meanwhile, they converted the laundry room of the Sonoma County farmhouse they rented into their winery HQ, removing the door and placing it across two sawhorses for a desk.

Now that they had their bottled wine, their licenses and their label, they went back to their Lucky Stores contact – only to come up against yet another roadblock. They Lucky exec said he couldn't buy their unknown brand of wine until the two had spent a couple million dollars in TV advertising. Without \$2 million to spend on branding, he said, "You can go out and sell to every little grocery store there is."

So they did, starting in the Bay Area, then expanding to independent grocers in Santa Barbara, Mendocino, Lake Tahoe and Sacramento. In 1988, Lucky Stores become the first chain to carry the Barefoot brand.

Harvey and Houlihan hired Randy Arnold as Barefoot's National Sale Manager after noticing Arnold was outselling other distributors. Shortly after joining the company, Arnold decided to come out publicly as a gay man. It was 1990, a time when AIDS was devastating the gay community, and ignorance and fear of contagion were widespread. Arnold was concerned the resulting prejudice, particularly in the conservative wine industry, might damage the Barefoot brand. "For us to hire a gay national sales manager for a food product was very gutsy at the time," Harvey recalls.

With no marketing budget, but with a large stock of wine, Arnold expanded Barefoot's "worthy cause marketing" plan by donating Barefoot to LGBT organizations and causes. Other staff members questioned the strategy. "Aren't you worried that your wine will be known as the 'gay wine?'" they asked. "We said, we're worried that it won't be, we are putting so much energy into that community," Houlihan recalls.

Barefoot has also donated wine and sponsored fundraisers for environmental organizations such as the Surfrider Foundation. The strategy has paid off. Before long, the Barefoot brand was a top seller in LGBT communities and in beach communities.

Their marketing success, and the causes they support, Harvey believes, are connected to that vision she had of the Barefoot label. "When you see a bare footprint in the sand, you don't know if it's gay or straight, black or white, or what religion the person is," she says. "That's the print humans make on the earth when they put their foot down. The footprint is symbolic. We are all out here on the same beach together."

By the time Harvey and Houlihan sold Barefoot Cellars to E&J Gallo in 2005, its sales had reached almost 600,000 cases annually in North America, Asia, and Europe. The two served as consultants to E&J Gallo for the next year, and Gallo has continued Barefoot's tradition of worthy cause marketing as its primary means of advertising.

Today, Houlihan and Harvey are putting their branding and marketing expertise to use as consultants to start-ups and entrepreneurs and are volunteering their services to non-profit groups seeking to keep California parks open in the face of budget cuts. In their spare time, they've written a book, *The Barefoot Spirit: How Hardship, Hustle and Heart Built A Best-Seller*, which is due out later this year. Visit BarefootWineFounders.com to pre-order.

