

LIBERTY TAX ANNUAL FRANCHISE EVENT
VIRGINIA BEACH, VA
JUNE 1, 2017

SUPPLEMENTAL READING FOR
THE BAREFOOT SPIRIT WORKSHOP

PRESENTED BY
MICHAEL HOULIHAN & BONNIE HARVEY

Michael Houlihan and Bonnie Harvey are the founders of Barefoot Wine, now the world's largest wine brand. They help companies and associations engage and empower their people. They are consultants, international keynote speakers and the New York Times Bestselling authors of "The Barefoot Spirit, How Hardship, Hustle, and Heart Built America's #1 Wine Brand" and "The Entrepreneurial Culture: 23 Ways to Engage and Empower Your People."

Best Sources of Good Ideas Are Your Employees

NEED TO KNOW OR KNOW THE NEED

Most companies, in their attempt to present the image of stability and security to their employees, will deliberately prevent them from knowing about the challenges the company faces. They fear their people will jump ship if they know that the company is facing difficulties. They put their people on a strictly need-to-know basis. This may keep them from jumping ship when times get tough because ignorance is bliss – till they get the pink slip.

We think there's another way that may solve those challenges and even prevent the pink slip. We call it the "know-the-need" basis. The concept is simple. Your people can't help solve the problem if they don't know what the problem is.

With know-the-need you don't have to go into every detail of the daily operation. It should never be a distraction. But it can be a very healthy team building and problem solving exercise when done with the right attitude. Think of your people as your most valuable asset, view them as such and never as "labor" or worse, as a "cost center". They know your business, your policies, your procedures. They have an interest in seeing your business succeed, not just for their own security, but for their reputation. They want to work for a business that has its best days in front of it, not behind it. Changing jobs is traumatic and unsettling. They want stability. And they will participate to make that happen.

At Barefoot, we would have regular meetings between the non-sales staff and the sales staff. During those meetings, the salespeople would outline their challenges with the market, the competition, or with our own support. Folks who were apparently far removed from sales like accountants and receptionists would step up to the plate with suggestions. Many were completely off the wall, impractical, or down right crazy, but they all knew they had permission to say anything. Often, it got others thinking and innovative, disruptive, and practical solutions would bubble up. Everyone was thrilled when we hit upon something that worked. The folks who came up with the solutions were publicly praised. Others were thus encouraged to participate. It was actually great fun. We solved many of our biggest challenges as a result of some of these know-the-need brainstorming sessions.

In one of these sessions, our top sales person announced, "Well, we've got good news and we've got bad news. The good news is that we just got Barefoot into 400 stores in Florida. The bad news is that they put us on the bottom shelf." This was the worse place to be in a retail set. Nobody looks down. To the bottom shelf, especially for an unknown brand. And if we didn't make a certain number of sales in a certain number of days, we would be discontinued ... forever! What were we going to do?

One person piped up in jest, "Well, I guess we'll just have to go after the "foot traffic" then. Everybody laughed because our name was Barefoot. But then, someone else said, "Wait a minute! That's not so crazy. Why don't we have wine stained footprints decaled to the floor and lead the shoppers step by step down the aisle and turn them into our products on the bottom shelf!" it worked so well we used it all over the county. And that idea? It came from the receptionist.

Showing your people that you respect their intelligence, team spirit, and ability to handle challenges apparently outside of their area of expertise, gains you solutions, teamwork, and an element of trust. Let your people help you solve the problems that ultimately affect their jobs. You may be surprised at what they come up with ... when they know the need!

Give Your People Permission to be Brilliant

These days there are tons of companies that say they want their people to be more engaged, but are they giving them permission to do so? Yes: permission! It's subtle, but powerful.

Permission is a powerful idea in determining company culture. Are you giving your people permission to be creative, make decisions, solve problems, and take responsibility? Or, in the name of efficiency, structure, or compliance, are you preventing the very type of support you need?

Here are some ways to give your people permission:

Compensation - Some part of employees' compensation should be based on sales, growth, and profits. It will take some time to identify and agree upon metrics used to measure those key indicators, but get started now and tweak it every year until it's right.

If you offer a bonus, make it quarterly. A year is too long for them to remember, and after a poor first half of the year, they may just give up. Quarterly is short enough to remember, and if they have a bad quarter, well, there's a new opportunity next quarter.

Knowledge - Your staff can't help you if you don't tell them what you need. Many businesses believe in the "need-to-know" policy which keeps employees in the dark. We believe in the "know-the-need" policy which includes them in the company's challenges, opportunities and triumphs.

They already have your corporate knowledge and a stake in solving your problems, especially if they share in your success. We suggest quarterly meetings with sales and sales support staff (i.e., everybody not in sales) to brainstorm solutions. They will surprise you with their great ideas!

Access - Clear the channels of communication. Don't force interdepartmental messages go through a complex pyramid structure and back to the department right next door. Don't lock down creativity by allowing compliance to use fear to demand that everything goes through them. Their extensive turnaround time itself can discourage many good ideas from ever surfacing. Give your people ways to access top management directly to prevent middle managers from stopping good ideas.

Acknowledgement - Thank each of your people publicly for all the good ideas they've produced that benefit your company. This validation will make them want to do more. Their teammates will see your acknowledgement and want some for themselves. We recommend once a year, on their work anniversary, send the entire staff a memo that summarizes what that staff member did during the past year that improved the company, resulting in bigger bonuses for the whole staff. This will give everyone more respect for their teammate's contribution and improve overall teamwork.

Mistakes - Give your people permission to experiment and make mistakes — as long as they make mistakes in a productive manner. This means that they come to you with the mistake they made and a list of documents that need to be created, altered or improved so the mistake is less likely to reoccur.

Companies that frown on mistakes force their people to hide them and the opportunity to improve the company's policies and procedures is lost. Encourage your people to aim, not blame. Aim at what they can do to prevent a reoccurrence, and don't disempower themselves by blaming others.

Your people are looking for the limits you will allow. Some are obvious and necessary, like dependability, production and civil behavior. Beyond that, show your "personal settings" by giving them the permissions we have discussed here. The message will soon become crystal clear and they will operate within those limits. Don't let your structure and procedures deny your people the permission they need to help you!

7 Steps to Infuse Entrepreneurial Thinking into Company Culture

REMOVE THE ROADBLOCKS

Every company wants to stay relevant and be in the forefront of their industry. This requires an imaginative staff creating new solutions and thinking outside the box. But first you need to change your company culture. This is easier said than done.

A positive company culture is what we relied upon when building the Barefoot Wine brand into a national best seller. Here's how we did it:

1. The Money Map. When we hired people they were given an infographic showing the circuitous route the money took to get from the consumers, moving through the retailers and distributors, and eventually into their paychecks, bonuses and benefits. This was not just a great educational tool from an orientation perspective, but it was a great way to set the stage for a company culture of sales!

2. The Two-Division Company. Unlike the typical pyramid structure with the CEO on the top, followed by the C-Suite, and then the myriad of divisions and departments, our organization had just two divisions: Sales and Sales Support. Everybody who was not in Sales was in Sales Support, including the CEO, receptionist and accounting, marketing, product development, and production. Why? Because without sales there would be no income. If you really believe the customer should be on top, put sales on top and have everyone else support sales.

3. Pay for Performance. We used our pay structure to develop a creative, supportive team. By making their monthly bonus and part of their 401K directly based on their production and the profits of our company, they became better team players and exerted peer pressure on others to perform. When you are paying your people right, the performers can't afford to quit and the non-performers can't afford to stay.

4. Make Mistakes Write. When you make mistakes, don't just right them, *write* them! Establish a culture of permission that says, "You can be creative, experimental, and make mistakes – as long as you identify what went wrong and what documents need to be changed." It may be a sign on the wall, a label on a package, or a checklist. Or it may be a signoff sheet, a policy, a procedure, or a new clause in a contract. When something we never thought could go wrong went wrong, we would celebrate knowing that, thanks to this mistake, we now had a much better procedure that saved time and reduced misunderstandings.

5. Acknowledgement. We sent out an acknowledgement memo on every person's anniversary with the company that said what they did last year to improve everybody's situation. When you catch someone doing something right, creative, or efficient, tell the world! If you make it a public memo praising the person's accomplishment, the entire staff will know that this type of behavior gets recognition and they will have more respect for that person as a team player.

6. Fun. People want to work with and buy from people who are fun. In our company, we all had fun titles. Because we were Barefoot Wine, Michael was CEO and "Head Stomper." Bonnie, whose foot was on the label, was "Original Foot." Our Controller, Doug McCorkle, was "The Cork," because somebody had to put a *stop* to it. When work becomes fun, everyone is more creative.

7. Remove Blockage. When a good idea must go through "channels," and "compliance," people can be discouraged by structure and restraints. At Barefoot, we regularly allowed direct access to top management for idea presentations and rewarded the person who came up with it. Our compliance people would identify parameters inside of which ideas could flow without lengthy compliance approval.

Company culture starts at the top and permeates throughout the entire structure. It's time to take a fresh look at company structure and the general attitude of top management towards everything from sales to mistakes, acknowledgement to compensation, and orientation to fun.

5 Ways to Build and Grow Trust

Good business relationships are built on trust. People who depend on you, from your creditors to your employees, need to confidently rely on you to treat them fairly. Once they know you can be depended upon, they will extend their cooperation and even make allowances for you. This is critical to your success.

The sooner you demonstrate that you are trustworthy, the faster you will receive the benefits, such as extended credit, loyalty, engagement, priority ranking, increased sales, and opportunities. The key is to be proactive. Look for ways to show all the folks you work with that you have their best interests at heart. Here's our short list for how to build and grow trust:

- 1. Communicate often** - Be clear about what you are doing and why. Don't leave anyone in the dark guessing what you are up to. We recommend regular meetings with creditors, suppliers, outsourced services, and your own team. Alleviate their fears by sharing vital information early and often. The more they know, the more confident they feel about working with you.
- 2. Forge alliances** - Identify who gets ahead if you do and forge these strategic alliances. Treat these folks like business partners, such as sharing your plans for expansion with suppliers who will benefit from your increased business. Discover how you can work together to improve their business while reducing your need for capital, such as long-term contracts in return for free warehousing and better terms.
- 3. Mend fences** - When you make a mistake, don't try to cover it up or blame others. It will only exacerbate the situation, lose you precious credibility, and hurt the relationship. When you realize you are about to miss a payment, call your creditors immediately. Be ready with a payment plan based on receivables that will bring your account current. This shows empathy for their position and the risk they have taken on you. Remember, you are judged more by how you handle a mistake than when everything goes smoothly.
- 4. Be honest** - If you harbor hidden agendas or deliberately withhold information to trap or manipulate others, this will result in you losing the relationship and your reputation in your industry. Voluntarily expose loopholes to reassure the people you depend on that you will not take unfair advantage of them. Show them you are a true partner, watching their back, not waiting to stab it! Don't give them reasons to keep their guard up or you will only get the words, and not the spirit, of your agreements.
- 5. Service your customers** - Nothing says, "I got your money and now you are stuck with my product" more than poor customer service. When you are all over them to make a sale but can't be reached to fix a problem, you are killing your long-term business security and opening the door for competitors to take your customers.

Customer service is more important than the product. Without it, your customers will no longer buy, and will feel an obligation to tell others about their bad experience. When you show them that you are treating them like a friend, they become loyal advocates. Trust is built on a foundation of good behavior over time. The time involved can be reduced by the telling experiences that build or break trust. In the early days of a relationship trust can be lost easily. The way you handle an embarrassing situation is "the tell" that they are looking for to justify putting their faith in you or regretting the relationship. It takes a lot more than just saying, "Trust me." You can trust us on this!