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THE ENTREPRENEUR'S GUIDING PRINCIPLES FOR SUCCESS (GPS)[™]

Use Our GPS to Navigate Your Business

The 20 Guiding Principles of *The Barefoot Spirit*

These Guiding Principles were used by Michael and Bonnie to build and grow their brand, and now you can use them to help you succeed.

HISTORY - During the heavy supply-sided consciousness of the industrial revolution, companies were organized around the most efficient way to turn raw materials into products. This resulted in a top-down pyramid structure which put production over marketing, and marketing over sales. Labor was viewed as a cost to be reduced, and salespeople were told how to sell by the marketing department.

CURRENTLY - This pyramid structure is favored today by most large corporations, but is counter-productive to start-ups. Successful entrepreneurs must reverse this structure. Since sales and customer service are the only departments that speak to the customers directly, they must be elevated to direct production and marketing to create products and programs that better serve the customer.

FUTURE - Focus on sales and customer service by putting the customer on top and viewing every person who handles your product as your customer. As you build your business, you will have to navigate through many challenges and unknowns. We have found that relying on a set of "Guiding Principles" to hold every decision up against results in better decisions. We attribute our success to our Guiding Principles which we collectively refer to as *The Barefoot Spirit*. Here is a brief summary:

1. Start Off on the Right Foot



Ask lots of questions. Understand the distribution system thoroughly before you complete the design your product, packaging, logo and label. **Make friends with people in "low" places.** Talk to everyone who will handle your product. Start small so you can make your mistakes in a manageable area. Reduce your need for capital with barter, innovation, and resourcefulness. **Do what you do best and delegate the rest.**

2. Hire Good People; Build Great People



Hire for hustle, integrity, and enthusiasm. You can teach folks the skill sets required. Overkill on orientation—make sure they understand how their job fits into the big picture. Look for extrapolation learners who can apply lessons in one area to a new area. Avoid example learners who cannot extrapolate. Be prepared to redesign each job to better fit the talents of each employee.

3. Put Yourself in the Other Person's Shoes



For every major decision, understand what *the other person* wants first. Then figure out how to get what *you* want by helping *the other person* get what *he* or *she* wants. This goes for your customers, investors, employees, vendors, bankers, and especially your community.



4. Discover Your Strategic Allies



Look around you and see who benefits if you succeed. Your suppliers may benefit by giving you extended credit terms on additional goods you need to expand, for instance. In return, you can offer loyalty. Often times choosing to doing business with new companies that need your business to grow can be mutually beneficial.

5. Make Mistakes W-R-I-T-E



Instead of blaming others, ask what *you* can do to make the mistake less likely to reoccur. **Aim, don't blame.** Identify and improve the documents that will make the mistake less likely to reoccur. Maybe it's a sign, label, check-list, sign-off sheet, policy, procedure, contract clause or a job description, but it's documented *somewhere* and you can fix it forever! **Never waste a perfectly good mistake.**

6. The Two-Division Company



Your company only has *two* divisions, Sales and Sales Support. Everyone who is not in Sales is in Sales Support. This includes production, marketing, legal, accounting, and even the receptionist. Sales and customer service should advise marketing, not the other way around. **How can the customer be on top if sales are on the bottom?**

7. Pay for Performance



When you pay for attendance alone you will hear, "I was *there*, pay me." All bonuses should be based on sales, growth, and profits, not tenure. Ideally, **non-producers can't afford to stay and producers can't afford to quit.** Use graphics to make sure everyone knows that their salary, bonuses, commissions, and benefits come from *the customer!* Don't put a limit on your salespeople's commission or they may leave you for a better paying job and take your customers with them. **Turnover is the #1 hidden cost of doing business.** Don't be concerned if your people make *more* than you - it's "found" money. **Always take a smaller slice of a larger pie.**

8. Share Information



Practice "know the need," not "need to know." Share your challenges, goals, and accomplishments with every person you do business with, including your staff, bankers, investors, suppliers and vendors. Ask them for their help and advice. Treat them like business partners.

9. Get the Job Done! Even if it's Not Your Job



Take responsibility for the outcome of every situation. Understand and be prepared to do the other person's job - without offending him or her. This is especially true when you work with large sluggish organizations. Don't disempower yourself by blaming others for their ineptitude or inability to meet deadlines. Do whatever you have to do to make the situation more likely to be successful.



10. Take Inventory Frequently



Take inventory of all your “resources” on a regular basis especially when you are facing a challenge. You may have hidden assets that you are overlooking, or advantages you are ignoring. There may be other entities (or strategic partners) that will help you solve your challenge because it’s to their benefit to do so.

11. Win the “No” Game



We found the average number of “Nos” is 7. So if you are only at 3, you’re getting closer. If you are at 10 “Nos,” you are past due. The “No” game will encourage you to keep going. **The answer is not “Yes” or “No”; it is “Now” or “Later.”** Ask a different day, or a different way, or another person. If you get a “No” today, the final answer may be “Later,” especially if the first person changes his or her mind or is replaced. **You are the only one who can say “No.”**

12. Respect Distribution



Distribution trumps everything – your product, your price, your quality, even the perceived demand by the general public. Be prepared to spend a lot more time, money, and energy than you ever imagined achieving access to the market and maintaining it. Eternal vigilance is essential. Understand everyone’s job in the distribution system and what motivates them to do it for you. **You can’t sell it if it ain’t there!**

13. Build Brand Equity



Entrepreneurship is ultimately about brand building and the creation of brand equity. The leading value of your business is the value of your brand. Monetizing brand equity requires a capitalization event. This could be an investment partner, public stock offering or an acquirer. Prepare for acquisition on day one, even if you have no intention of selling. Understand who the likely acquirer is and why they want to acquire your brand.

14. Expect Solutions



When you expect to see solutions, opportunities and “lucky” breaks, you will be more likely to see them. Believe that somehow you will get the help you need and you will be less likely to overlook it when it presents itself.

15. Master the Three Businesses



Forget about your pre-conceived notions regarding what type business you are in and what type of work you will be doing. You will likely wind up doing a job you never signed up for. All business comes down to Cash Flow Management, Personnel Management, and Distribution Management. Be prepared to master these three fundamentals.



16. Outsource



Outsource everything you can, except quality control, sales, and accounting. Write vendor contracts that guarantee the on-time delivery of quality goods and services as a precondition for payment. Have your company's representative present when your products are being produced. Outsourcing reduces the financial pressure to put substandard goods on the market just because of your internal production costs. Prudent outsourcing reduces overhead, the need for capital, and allows you to focus on sales. This way, sales validate production, and not the other way around.

17. Create a Positive Culture



Permission, validation, and acknowledgement are the building blocks of a positive company culture. Give your people permission to have fun, be creative, experiment, and make mistakes and improvements. Express public appreciation often to validate a job well done.

18. Deliver Personalized Attention



There's no substitute for face-to-face communication. Solid relationships are built in person, so don't hide behind technology. **High touch beats high tech. Face time beats Facebook.** Customers buy you more than your products or services. Understand your customers and discover how you can satisfy their needs. **The best salesperson becomes an assistant buyer, and helps other people and companies sell their products.**

19. Get Out of the Box!



Rise to the 10,000-foot view to gain a wider perspective of the challenges you are facing. Beneficial relationships not visible from inside your business will become more apparent. Look for an elegant solution that addresses more than one problem for more than your own company, or even your own industry. **The best way out of the box is straight up!**

20. Make the World a Better Place



Discover the worthy causes your customers are interested in and choose one that resonates with your company. **Stand for more than your products and services.** When you support a worthy cause with your products, services, and marketing efforts, your company gains more respect from the community. When your staff helps out at charitable events and fundraisers, they feel better about their jobs. Find out how you can help the community achieve its goals and give them a social reason to buy your products.