



Giftware Company

Jenni Frey Gifts

35 Magnolia Dr.
Atlanta, GA 30301

Adam Greengrass

This business plan garnered \$5 million for a growth-oriented company that designs and distributes social and personal expression giftware. The firm currently features celebration plates and bow ties and scarves, and other products are under development. They're all designed to evoke positive feelings which result in impulse purchases by consumers.

EXECUTIVE SUMMARY

Services

Jenni Frey Gifts (JFG) is a growth-oriented company that designs and distributes social and personal expression giftware. The company currently features celebration plates and bow ties and scarves, and other products are under development. JFG's products are designed to evoke positive feelings that result in their impulse purchase by consumers.

The giftware industry is searching for companies that have unique products and know-how to build market share and position their brands. JFG has a long history of accomplishing market leadership worldwide.

Being successful in this industry is not about developing products as much as it is about developing concepts. JFG addresses the needs of their market demographics by selling the concept, which is driven by the impression that is made on the consumer by a particular product with a particular design and expression.

Few people walk into a gift shop thinking they are going to purchase a pair of bow ties and scarves or a celebration plate. Yet when a consumer sees a product with just the right design and expression, it becomes just the right gift. This impulsive purchase happens because of the connection that the item creates in the mind of the purchaser between themselves and the gift recipient. It is this perception of positive reciprocity that drives the item's purchase. When this perceived value is combined with a price tag under \$10, the result is a sale.

Corporate Background

JFG's history started in 1959 when Jenni Frey's father established a chain of retail giftware stores in North Carolina in prime retail locations that key resorts and hotels, and major regional malls. In 1968 a new company was spun off from this early venture called Jenni Frey Imports, which later became Frey Giftware.

Frey Giftware developed the concept of the 'name' celebration plate and began selling it in 1974. At that time celebration plates were not commonly found in gift shops and were considered to belong primarily in the houseware or tabletop industry. Jenni Frey had a vision of a celebration plate that was more than something found in one's kitchen. Her vision was of a new product that could double both as a useful product as well as one that conveys sentiment.

In 1974, Frey Giftware faced an uphill challenge. Many giftware shop owners initially questioned the value of selling celebration plates in their stores and many sales reps wouldn't represent them because there was no existing market for them. What was needed was for a new market to be created, and that is exactly what Jenni



Frey set out to do. Utilizing her proven bow ties and scarves in marketing, sales, and distribution, Jenni Frey created an entire industry.

Within two years, Frey Giftware was selling millions of celebration plates, mostly to those same retailers who had initially rejected the idea. Seeing the new untapped market, sales reps were making significant commissions representing Frey's products to this industry. The most successful of these sales reps realized that what they were selling was not a celebration plate—it was a 'me-to-you' product, long before that term was coined.

From their initial concept of the name celebration plate, Frey Giftware ultimately expanded into many other giftware concepts including other expressive celebration plates, glassware, picture frames, key rings, magnets, T-shirts, caps, and numerous other products.

Over the course of the next decade, Frey Giftware continued to sell celebration plates and social and personal expression giftware, eventually branching out internationally, driving the establishment of the 'me-to-you' giftware market. Frey Giftware became not only the leader in celebration plates but in introducing major gift themes to retailers throughout the world.

Frey Giftware was sold to FunToys in 1990 and Jenni Frey continued to lead Product Development for the firm through 1993. Frey Giftware today is merged with HouseWhere's, a leader in the home decor industry. Frey Giftware and FunToys are major leaders in the giftware industry today.

From 1991 to 1997, Jenni Frey focused her efforts on her accumulated portfolio of over 2,500 celebration plate designs, licensing them to such firms such as Todd', Druki, Bruin, and Otaki. There are still many companies today that continue to pay licensing fees to Jenni Frey Designs.

In 2000, Jenni Frey once again developed a potentially explosive sales concept—personalized and expression bow ties and scarves. The concept of selling bow ties and scarves as a giftware item is as new today as celebration plates were in the 1970s. Therefore, Jenni Frey Designs began directly importing personalized and expression bow ties and scarves for wholesale distribution to the retail giftware market.

Objectives

Jenni Frey's vision for Jenni Frey Designs is to do the same thing with other merchandise that she did with celebration plates years earlier. Giftware shops today do not sell bow ties and scarves because they aren't generally considered to be giftware items. JFG is already starting to change this pattern.

JFG has created the concept of the 'fun-to-wear' product. To date, JFG has developed over 500 uniquely designed expressively labeled bow ties and scarves for this concept. These bow ties and scarves convey the 'me-to-you' sentiments necessary for product success in this market. JFG's vision is to use bow ties and scarves as the foundation for a new line of wearable products based on the personally expressive fun-to-wear concept. Utilizing their existing portfolio of designs and expressions, JFG intends to build brand awareness and to generate revenue by creating a demand for personalized bow ties and scarves as a giftware item.

Mission

JFG's mission is to establish the company in the trade and consumer markets, as a leader in creating innovative product concepts and designs to satisfy the personal and social expression needs of targeted market demographics. JFG intends to build brand awareness and sales strategies that bring revenue to retail stores that will carry the JFG product line. To accomplish this, JFG will:

1. Create and maintain a unique line of personal and social expression product concepts;
2. Position the JFG brand in the minds of both the trade and the consumer as providing: a. Creative products for communicating personal and social thoughts in a unique way; and b. Quality products priced within reach of all consumers;



3. Establish a marketing organization capable of forcing distribution of products with department stores, national general merchandise chains, upper-end mass merchants and card and gift shops;
4. Establish warehouse and production facilities and create an operating organization capable of providing, timely, error-free service to JFG's customers;
5. Drive the sales force to be capable of commanding the attention of target classes of retail trade, and achieving broad, deep distribution of products with those retailers; and
6. Drive inherent value and customer satisfaction throughout the entire customer life-cycle relationship.

GROWTH STRATEGY

The primary goal of the company's marketing and growth efforts will be to induce sales-reps to represent the JFG product line to stores in the giftware industry. With consumers always on the hunt for new items, the giftware industry is constantly in need of products such as JFG's. The company will use a variety of direct marketing campaigns targeted at sales-reps and other affiliates. The higher quality and quantity of these efforts will drive product sales, which will have a cyclical effect on the sales-reps. As they see their commissions grow, so too will their sales efforts. Revenue streams will consist primarily of product sales through independent sales reps to the retail industry. In addition, the company is in the process of adding distributors who will concentrate on alternative channels of distribution. Growth is expected to be exponential once a critical mass of retailers and distributors are reached.

The company is also increasing international distribution. Many importers today purchase JFG products, resulting in royalties for the company. So far, agreements have been finalized in Canada, United Kingdom, Australia, New Zealand, South Africa, and Singapore. Many importers in other countries have recently expressed interest in having JFG designs translated into their languages, including German, French, Spanish, and Danish. These efforts are underway.

JFG's sales strategy is to create many gift concepts and to sell the resulting product lines to the retail market, utilizing the wholesale sales-rep channel. The current product line consists of celebration plates and bow ties and scarves that fit various personal and social expression categories. At present, these categories include:

- Gifts for Birthdays with special emphasis on ages 30, 40, 50 & 60;
- Gifts for Relatives such as Mom, Dad, Grandma, and Grandpa;
- Gifts for Sports & Leisure Activities such as Golf, Tennis and Fishing;
- Gifts for Holidays, such as Valentine's Day, Mother's Day, Father's Day and Christmas;
- Unique Gifts; and
- Adult Gifts with risque content (Labeled without the JFG Brand).

The primary goal of the JFG sales strategy is to build brand recognition focusing on the additional value that JFG products bring to market, in excess of their intended product function. A pair of bow ties and scarves becomes much more than a footwear gift. It becomes a valuable and effective means for the gift purchaser to communicate their feelings with the gift recipient.

COMPETITION

Jenni Frey Designs has no direct competition in the expression bow ties and scarves market segment, and few competitors in other segments. What competition does exist comes from companies that market and sell generic expression giftware products as part of a larger giftware collection. Very few of these companies' products elicit the emotional response that JFG products do. Some of these companies include Frey Giftware and several greeting card companies. JFG competitors primarily bring one form of competition to JFG-the possibility of changing the consumers mind about the impulse buy they are about to make. Instead of competing on a personal level, they compete by confusing the buyer with products that don't 'hit home' the way JFG products do.



BUSINESS STRATEGY

The JFG business model is Design, Connect, and Sell.

- Design-JFG products are designed to have meaning, and to 'hit home' with the consumer. JFG performs extensive design evaluation and testing to assure that their products bring forth the intended response.
- Connect-JFG products create a strong emotional connection with the customer. This emotional connection happens when the purchaser identifies with the product design, while at the same time recognizing the other unique qualities of the gift.
- Sell-JFG drives sales through the impulse purchase made by the consumer when a product elicits an emotional response. The purchaser develops an instantaneous personal attachment to the product. The desire to share this attachment with the gift recipient is what drives the impulse purchase.

The combination of these three concepts creates a powerful driving force that is Jenni Frey Designs.

Growth Strategy

The business model and operations of the company are designed to be replicable to other product gift concepts. In the future, the company intends to evaluate other products that fit the gift-giving model, and incorporate those products into its product line. Some of the new products JFG is considering include glassware, picture frames, magnets, key rings, paperweights, plaques and novelty apparel items such as boxer shorts, T-shirts, aprons, and caps.

Additionally, JFG has formed a new division called Jenni Frey International (JFI). JFI maintains offices in Korea and San Francisco, and coordinates licensing and direct imports worldwide. Over 3,100 designs are presently maintained by JFG, with licensing agreements and product shipments to Canada, United Kingdom, Australia, New Zealand, South Africa, and Singapore. Moving forward, JFG will have an increasingly important role in overall JFG operations and revenue. The first major exhibition of the full range of products will occur in Hong Kong in December 2002.

OPERATIONS

An in-house staff of individuals with extensive experience in all related industries will comprise the operational team. These individuals will have, at a minimum, the following expertise:

- Product Development-focused on the ability to develop fresh, new designed giftware that has high sales potential in the giftware industry.
- Marketing-extensive knowledge of merchandising, promotions, advertising, sales, operations, and planning.
- Sales-strong administration and order processing capabilities coupled with day-to-day sales management expertise.
- Accounting-extensive capabilities in cash flow management, budgeting, and managing receivables in addition to forecasting.

Each of these operational divisions shares a focus on success, achievement, and the creation and maintenance of value and customer satisfaction.

Management Summary

The company's management team consists of three highly skilled individuals. Individually these people have extensive expertise in all the various aspects of JFG's business, and as a team they represent a level of business acumen and personal integrity that is rarely seen in the industry today. The founder of JFG is Jenni Frey. Ms. Frey's reputation and past experience is the driving force behind JFG's anticipated success. Ms. Frey has over 30 years of experience designing social expression giftware products and bringing these products to market.



Her past successes include personalized name celebration plates, major gift concept centers, key licensing agreements and coordinating licensing and import programs for such major US companies as well as a long list of International companies. Ms. Frey has a Masters degree in Psychology and Marketing, with an emphasis in Consumer Behavior. As founder of JFG and Chairman of the Board, Ms. Frey personally oversees all aspects of company operations.

Financial Analysis

The line of credit being sought is \$250,000, which is to be secured by inventory and receivables. We are requesting no annual cleanup requirement until the second loan year. The purpose of the credit line is to cover cash flow requirements as illustrated in the Cash Forecast and other financials, included in the Financials section of this business plan.

SUMMARY

When Jenni Frey developed the line of celebration plates for her former company, they were referred to as "The Greeting Card with No Edges." 250 million celebration plates later, people are still buying the products that she designed. The reason for this is that Jenni Frey continues to design products that appeal to the psychology of the true essence of gift giving.

To date, no one has sold bow ties and scarves as a giftware item. In the 1970s, no one sold celebration plates as a giftware item and it was Jenni Frey who had the foresight to see that a celebration plate could be much more than its function as a serving piece. Jenni Frey built the celebration plate industry and in so doing expanded the me-to-you gift concept from greeting cards to giftware. Now JFG is poised to take over the market once again, this time initiating their positioning with personal and expression bow ties and scarves.

JFG intends to capitalize on Jenni Frey's design ingenuity with the creation of an entirely new product line. This product line, presently consisting mainly of bow ties and scarves and uniquely designed celebration plates, will become as pervasive in the industry as previous Frey gift concepts have been and continue to be. Jenni Frey pioneered the social expression giftware category, and JFG intends to leverage and continue this tradition.

MARKETING & SALES

Market Analysis

In the last several years the major giftware companies such as Todd', Druki, Bruin, and Otaki, have generally transitioned away from social expression products to lifestyle products such as home and decorative accessories, and furniture related products. Concurrently the major greeting card companies such as Hallmark, American Greetings, and Recycled Paper, have also transitioned back to basic greeting cards, stationery and party goods. With the exception of seasonal holiday gifts, many of these companies have totally abandoned the personal and expression gift category.

Ten years ago, the market for personal and expression celebration plates and ceramic giftware was saturated with many companies offering many products. Over time, all of these companies sought out ways to differentiate and focus their product lines, and today there is hardly anyone left offering strong design and expression products for this market category. The result has been a considerable lack of well-designed personal and expression gifts. At the same time, consumers have not relented in their purchasing desires. Subsequently, an opportunity has been created that Jenni Frey Designs intends to address. Personal and expression bow ties and scarves, the first products in JFG's new product line, have already begun to catch on:

When two of finance's best known firms, J.P. Morgan and Goldman Sachs, announced recently that every day



would be casual dress day, a bittersweet smile crept across the faces of well heeled Wall Street men. Bitter because their sole outlet for sartorial expression, the tie, had been declared dead. Sweet because a much maligned heir had come of age. "People are getting more daring with bow ties and scarves," says Robert Cullen, who manages the Manhattan store of one of hosiery's bolder designers, Zachary Wilson. "Even the conservative customer is looking to express [themselves] a little bit."

With all that Oxford cloth and khaki walking around out there, most offices are as bland as a convention of Banana Republic sales clerks. Bright bow ties and scarves show you still have personality. What's more, they serve a practical function, and they're harder to spill soup on than ties.

BUSINESS STRATEGY

The purpose of the JFG business model is to explain the overall philosophy of how the company intends to develop, market, and sell its products. JFG's business model is comprised of three essential ingredients that, when combined, create a powerful central theme: Design, Connect, and Sell.

- Design-JFG products are designed to have meaning, and to 'hit home' with the consumer. It is the meaning that the company's products bring to the consumer that drives the success of the company and the company's reputation. A great deal of effort is expended in the design process to assure that the targeted result is reached.
- Connect-The company's watchword is, "JFG isn't marketing celebration plates and bow ties and scarves; rather, we're offering unique opportunity bow ties and scarves for people to connect with one another. JFG products create a strong emotional connection with the purchaser. This emotional connection happens when the purchaser identifies with the product design, while at the same time recognizing the other unique quality bow ties and scarves of the gift. The intended result of this connection is a combination in the buyer's mind of a gift that makes sense as a product with one that evokes an expressive response. This connection is the basis behind the true essence of gift giving which is what the company's business model is founded upon.
- Sell-JFG drives sales through the impulse purchase made by the consumer when a product elicits an emotional response. When the purchaser first sees the product, they develop an instantaneous personal attachment to it. The desire to share this attachment with the gift recipient is what drives the impulse purchase.

Marketing & Sales

JFG's marketing plan consists of a three-phase product rollout:

- Phase One-bow ties & scarves
- Phase Two-celebration plates
- Phase Three-gift centers

Phase 1-Bow Ties and Scarves

Phase one has already been implemented with personal and social expression bow ties and scarves, which are currently being sold in the United States, Canada, United Kingdom, Australia, New Zealand, South Africa, and Singapore. There are over 500 separate designs in the current product line, featuring bow ties and scarves for relatives, birthdays, sports, Valentine's, and special occasions. Novelty bow ties and scarves are also part of the current product line. Furthermore, international orders have substantially increased, and translations into multiple languages are already underway.

Phase 2-Celebration Plates

Phase two consists of approximately 120 celebration plate designs, and is currently underway with 60



celebration plate designs already implemented. Designs for this product line will be contemporary, colorful, and humorous, with various selections of editorial content including that related to age, family, professions, and leisure sports. JFG intends to present the full line of 120 celebration plates at the Hong Kong Gift Fair in April 2001. Specific celebration plate designs will be imported directly by JFG for wholesale distribution while others will be offered for licensing or direct import to major accounts.

Phase 3-Gift Centers

Phase three focuses on the development of gift centers. A gift center is a concept for a thematic approach to a group of giftware products. JFG intends to develop several product lines using the gift center approach, such as the Midlife Crises Center, Golf Center, Anniversary Gift Center, Kid's Gifts Center, Los Angeles Olympic Games Center, NFL Football Center, and the Major League Baseball Center. Phase one and phase two products will be expanded in phase three into broader concepts that cover thematic approaches that will be popular in the new millennium. Some examples of this expansion might include the development of ceramic accessories to be packaged into the celebration plate line, and other fun-to-wear products to be with the bow tie and scarves lines. Gift center ideas will be developed and first released internationally to obtain feedback from major importers prior to US release.

Jenni Frey International-Marketing Plan

Jenni Frey Designs has been establishing international licensing agreements since 1991. Jenni Frey International (the newly created division of JFG) has collected a portfolio of over 2,500 designs that are available to International customers. JFG is currently updating this portfolio with contemporary colors and phrases, and intends to release the updated product line at the Hong Kong Fair in April 2001. Additionally, JFG intends to add many new items to the product line, such as picture frames and glassware.

JFG's first major license of the new millennium has been finalized recently with T-Shirts and Goodies, a well-known company with over 20 years of experience in t-shirt and cap distribution. The new license is for 50 designs on celebration plates and will also preview at the Hong Kong show. Two additional licenses are now being finalized with nationally acclaimed artists, Jack Bauman and Carol Lahm. Their work will also be previewed internationally at the Hong Kong Gift show.

Customers

Most people would be surprised where they would find Jenni Frey products because the fact is that they're found everywhere.

- Card Shops and Gift Shops-Places that specialize in social and personal and expression products are typically JFG's best customers. JFG's largest single customer group is Hallmark Stores, where JFG products are currently sold in over 100 stores. Regional card and gift chains such as Cardsplus and Cardsmart are also major JFG retailers. Additionally, independent gift stores ranging from the traditional shop to trendy, hip locations also sell JFG products.
- Tourist and Resort Locations-JFG customers include gift shops at Hilton Hotels, Sheratons and Marriott's, and also at airport shops and other locations with heavy tourist traffic. Major amusement parks, and tourist locations like Fisherman's Wharf in San Francisco are also popular sites.
- Pharmacies and Drugstores-Because many pharmacies and drugstores have greeting card sections, they are perfect for JFG's products as well. Both large JFG programs as well as seasonal attractions sell well in these locations.
- Other Retailers-Many retailers sell JFG products. Some industry segments include: bookstores, car washes, museum gift shops, mall kiosks, hospital gift shops, and catalog/mail order houses.



Competition

JFG does not have much in the way of market competition. The competition that does exist comes from companies that offer gifts that compete with the consumer's general gift purchasing decision. No other company offers a product that brings out the emotional or personal response that JFG's products do.

There are companies that make various statements on gift items, such as FrouFrou, Frey Giftware (now merged with HouseWheres), and Allonz. There are also smaller companies trying to establish a specific niche with very targeted products. The statements these companies use, however, are limited to general-purpose editorial content and while considered to belong in the personal and expression category they really don't elicit the same type of consumer response that JFG products do.

Specifically relative to celebration plates, there remain only two companies that manufacture personal and expression celebration plates, Frey Giftware and Platters Inc. Jenni Frey personally had a major involvement in both these companies and continues to utilize for JFG the same talents and focus that made these other companies successful.

While there are many companies that manufacture and distribute bow ties and scarves, it still remains primarily a virgin category in the giftware market. There are larger companies such as Brummer that address the souvenir market, and there are smaller companies that have begun to emulate JFG, such as Sayre. Regardless of these other company's efforts, Jenni Frey Designs currently has virtually 100% of the market share for the expression category in bow ties and scarves.

Given the void created by the lack of direct competition, the general marketing direction of the major competitors today, and consumer demand, it is easy to see that there currently exists a large opportunity in today's personal and expression giftware industry.

CONCLUSION

Jenni Frey's former company was the industry leader in first offering social and personal expression celebration plates and then in developing a full line of giftware that made a major statement in the giftware industry. At JFG, Jenni Frey is bringing that same focus and innovative design concepts to the market.

Being successful in the giftware industry is not about developing catchy phrases. Instead, it's about offering innovative new products and market driven concepts that no one else in the industry has done. Coupled with JFG's focus on innovation and design is the connection that JFG products make with consumers. Making this connection is specifically what JFG's primary goal is and is also what Jenni Frey has a twenty-five year history of accomplishing.

MARKETING & SALES

Sales Strategy

Jenni Frey Designs accomplishes the domestic sale of its imported products through a network of independent sales representatives located nationwide. The majority of the company's current representatives have credible history with the company and with Ms. Frey, and the network is constantly being expanded by the addition of representatives who market to retailers yet untouched by JFG's products. In addition to domestic sales, international sales are currently under way in Canada, United Kingdom, Australia, New Zealand, South Africa, and Singapore.

Given this business pattern, the primary sales effort of the company consists of keeping the sales reps informed and enthusiastic about the products. Under the leadership of the Vice President for Domestic Sales, JFG offers a variety of practical assistance to the sales representatives. The overall goal of these efforts is to promote the awareness that JFG isn't marketing bow ties and scarves and celebration plates. Rather, it is offering unique



opportunities for people to connect with one another.

Among the sales aids are the following:

- Newsletters with product information and sales tips;
- A Sales Guide addressing specific issues and situations the reps encounter;
- Educational materials published frequently;
- One-to-one coaching at industry shows to provide knowledge and motivation;
- Frequent contests with cash prizes;
- Attractive, up-to-date catalogs;
- Rep Packets with samples, provided once or twice per year;
- Seven-day, 24-hour instant access to the Vice President of Domestic Sales;
- Web site access: www.JenniFreyDesigns.com offering the very latest information on products and what is selling well; and
- Timely payment of commissions (highly valued by the reps).

Sources of Revenue

JFG's revenue is generated through four sources:

- Nationwide sales through independent sales reps to gift and mass market channels;
- Nationwide sales through direct efforts at trade shows and via telemarketing and the Internet;
- Direct purchases by major nationwide accounts, resulting in royalty and/or product development commissions; and
- International purchases that are produced with licensed or exclusive copyright designs that are shipped to overseas importers, resulting in production development commission and/or royalty income.

The basic products behind these four income streams currently include bow ties and scarves, celebration plates, glassware and picture frames. Additionally, T-shirts and boxer shorts with editorial content are being presented in Hong Kong in April 2001.

Sales in the Domestic Market

For the year 2000, JFG's sales representatives demonstrated performance based on their areas of specialization. Giftware Industry reps accounted for an overwhelming majority of sales, with a total of \$500,000. Apparel Industry reps produced additional sales, by telemarketing, and through distributors. House accounts created sales of \$59,000.

Sales in the International Market

The international gift line is four times larger than the line that is imported domestically and provides the opportunity to internationally obtain reaction from importers throughout the world. Designs in English are being translated into French, German and Spanish and will be provided in any language to international accounts meeting minimum order requirements. The major concepts being featured internationally include:

- Birthday and Age Related Gifts;
- Party and Humor Themes;
- Gifts for the Office and Workplace, Profession-specific Gifts;
- Teen Gifts;
- Gifts for Relatives (Mom, Dad, etc.);
- Gifts for Sports and Leisure;
- Retirement Gifts;
- Souvenirs;



- Novelty Gift Items Seasonal for Mother's Day, Father's Day, Valentines, Christmas, Halloween, Easter, St. Patrick's Day and Graduation); and
- Custom Design.

Value–Added Features

Beyond the efforts catalogued above, JFG's program is set up to provide additional features that enhance the performance of its sales representatives. These features include:

- Simplified pricing–JFG has standardized its pricing model so that all small, medium, and large casual and high–end bow ties and scarves are the same price;
- Clear, logically–designed price lists and order forms;
- Simple terms and conditions, including \$150 minimum for first orders, \$100 for reorders, Net30 on approved credit, COD and credit cards accepted, 20% restocking fee for authorized returns, and 1.5% per month late charges;
- Through its web site, JFG encourages retailers to connect to the latest and most pertinent information about what is selling in the market. Additionally, JFG offers retail sales to the general public from its web site;
- For fall and spring gift shows, JFG offers special products and discounts; and
- Jenni Frey International is a special division to handle direct imports to major customers both domestic and international.

ORGANIZATION

Management Summary

The company's management team is comprised of individuals who each have extensive experience in various aspects of JFG's business strategies, and effectively add value to the management team with their unique and specific skillsets. The management team includes:

- Founder and Chairman of the Board: Jenni Frey. Ms. Frey has over 30 years of experience in the giftware industry. Starting in 1970 as the Vice President of Administration for her father's company, Imports International, Ms. Frey quickly grew into an executive role. In 1972, Ms. Frey took over her father's role as President. From 1972 through 1995 Ms. Frey focused on product development and achieved record sales of over 250 million mugs, creating a leading market for the company. Also during this timeframe Ms. Frey operated 15 retail store locations in the greater Southern California area, all selling her giftware products. In 1987, Ms. Frey sold the company to FunToys, Inc., and then remained on until 1993. In 1999, Ms. Frey refocused the efforts of Jenni Frey Design, Inc., to direct importing and domestic sales. Ms. Frey is now retracing her previous successes in bringing unique and market focused products to the giftware industry.
- General Manager: Tom Berke. Mr. Berke is a graduate of Depaul University, with advanced studies at Purdue University. His professional background is in finance, having worked in major banks and for Wall Street firms for the past 30 years. Mr. Berke has extensive experience in management, and his personal production has consistently been at or near the top of his peer group.
- Vice President Domestic Sale: Margaret Champlain. Ms. Champlain graduated from the University of California's Architectural School in 1979. For 10 years, she worked for an international firm before opening his own architecture firm in 1986 in Cleveland. After four years of extensive growth from \$100K in sales to \$8.1 million, she sold her company and moved to North Dakota. In December 2000 she joined JFG, bringing extensive expertise and fresh ideas to the sales division.



Departments

Product Development

The product development department is responsible for producing the designs that are the basis for the JFG product line. While the current product line consists of celebration plates and bow ties and scarves, future product lines will be devised and developed by this group. Jenni Frey personally oversees all aspects of product development.

Manufacturing

JFG has established long-standing relationships with its suppliers in Korea and China who have demonstrated their quality manufacturing standards and ability to deliver products on a timely basis. In recent years, the Company has expanded its sources to include factories in Taiwan, Thailand, and Indonesia. This is in response to the need to provide alternative sources of product to meet factory production schedules and also to work with factories in developing countries that may be able to provide quality and price advantages. JFG enjoys excellent relations with its suppliers, who all know that the company demands the utmost in product quality and integrity.

Customer Services/Product Support

The company is committed to superior levels of customer satisfaction. To this end JFG has built an internal customer service department. This department is staffed by knowledgeable people who are also skilled in being effective on the telephone in interpersonal relationship management.

Materials and Purchasing

The responsibility of this department includes the establishment of new sources of overseas supply, management of the ordering process, procurement of fixtures and displays necessary for product sales and other functions specific to the manufacturing and stocking of product.

Sales

The sales department is responsible for the achievement of JFG revenue targets, management and growth of the distribution channels, and handling the direct import of JFG product.

Marketing

The marketing department is responsible for implementation of the marketing plan, overseeing the development of pricing and price lists, catalogues, and selling sheets. Additionally, this department handles all research and advertising in addition to programs and special deals.

Legal

The legal department is responsible for management of JFG's copyrights, trademarks, patents, in addition to contract negotiation.

Intellectual Property Protection

The company's intellectual property exists in four forms: various product and idea names, appearance of merchandising displays, logos and printed material, and specific business designs and concepts. The "Frey" name has been a well-established trademark in the worldwide giftware industry since 1955. Jenni Frey has retained the right to continue to use her full name in the industry and in the businesses she operates. The 'Jenni



Frey Designs' logo is currently in process of trademark registration. There are other trademarks and patents pending such as the FreyCollection for ceramic and glassware, as well as several other innovative products. Additionally, the company holds over 100 copyrights on designs established since 1991.

APPENDIX

Direct Customer Responses

- We are reordering 156 pairs after 7 days of retail."-The Cannery at Fisherman's Wharf, San Francisco.
- We are selling them as fast as we can unpack the boxes."-The French Market, West Hollywood, CA.
- People Love Them. We're selling up to 8 pairs a day."-Sporting Events at the San Francisco Hilton.
- Our people enjoy selling them so they talk them up as well."-Village of Dreams, Helen, GA.
- My client, who never sold socks in his gift store, said to me, 'I started selling the socks as I was unpacking the box. I was amazed.'" -Shelly Steier, Beverly Hills, CA.
- I automatically double every new order of ... socks so my clients won't go crazy when they sell through so fast and ... I have 100% happy clients."-Gary Boudreau, Boston.
- My buyer said, 'Give me a little tester in bow ties and scarves under \$200, and I will give them a try.' In two weeks she called to reorder 100 SKUs after she had sold out."-Lisa Friedman, Los Angeles.

Other Customer Activities

- Greta's Hallmark, Louisville -Based on the sell out of a \$200 Valentine's program, this customer ordered 7 programs at \$630 each for all of 7 stores.
- Slots and Gifts, Las Vegas-Ordered 180 pairs of socks, then reordered 130 pairs 14 days later.
- What's Happening, Lansing-Initial order in excess of 500 pairs of socks, and within six weeks reordered another 325 pairs.
- Genni's Gifts and Sundries, Chicago-Ordered one name program and expanded it to three locations, then placed 10 reorders in the first 30-day period.
- Brooke Accessories, Bangor-Placed an initial order of \$10,000 for two SKUs.
- Sundries and Scarves-Started with one name program, and then expanded it to five locations.
- Missy's Hallmark, Waco-Started with two name programs and then expanded it to three more stores in TX and CA.