

The MouseDriver Insider – Anthology –

by

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The MouseDriver Insider Introduction
September 3, 1999
And the Story Begins...

Topics: *Initial introduction, invitation and reasons for writing the newsletter. Sent to 30 classmates, friends and family members*

Friends,

We have no income and no venture capital funding. Our inventory is being financed by companies with names like Chase, Citibank, First USA and Capital One. Our office consists of a refrigerator, oven, sink, two desks, a bay window and one very large Texas flag. The only thing that makes our 7 second commute to work interesting is avoiding the inventory of computer mice stacked in our living room. We're motivated, passionate, excited, terrified and at many times, have absolutely no idea what we are doing. Every hour of the day is filled with constant mood swings and the question of "What the hell are we doing?" enters our minds on a daily basis. But...we're having a great time and we truly believe that this is an experience of a lifetime.

Do you care to hear more?...

Since this venture began in July, we have received a number of inquiries from people asking us to keep them informed of our progress. Most of these inquiries have come from aspiring entrepreneurs currently working in the corporate world who want to live the "entrepreneurial experience vicariously through us". However, many of you have asked us to keep you informed simply because you're interested in finding out how this MouseDriver story progresses and ends. After all, some of you were around when this outrageous idea was first used as a class project at Wharton.

So, we've got an idea...and we're hoping that this one generates as much excitement as MouseDriver. Kyle and I would like to keep everyone informed of MouseDriver's progress. On a periodic basic, we'd like to share our successes, our failures, our issues, our stories and our feelings towards this entrepreneurial gig. We basically want to give all of you an opportunity to accompany us on this crazy ride.

Here's the deal: We will send out an email on a periodic basis. Depending on what we have to share, this email may go out every week, every two weeks, every month, etc...just depends on what's been happening and how busy we are. We have no idea what the email will look like, but imagine that the format will be constantly evolving. We will make all efforts to keep the progress update brief and to one page, as we are all too familiar with the annoyances of long emails. Plus, we don't want to create too much additional work for ourselves.

If you're interested, just reply to this email and say "I'm in" and we'll include you in the mailing.

Hope everyone is doing well.

John and Kyle

The MouseDriver Insider #1
September 13, 1999
Reality Bites

Topics: Product design, Idea sharing and starting-up, Emotions

Lessons Learned

- "When your product or service is to existing products or services what toilet paper is to crumpled leaves, it's time to ship. S - h - i - p, ship" (Guy Kawasaki) If you think that you have a great product or service, it's best to get it out to customers and let them determine the success of the product rather than attempting to develop the perfect product/service. We spent over three months trying to perfect the initial MouseDriver design. Regardless of how good each design sample looked, we always managed to find something wrong with the size, weight, color, etc. Finally, around mid-July, we realized that any more design changes would result in missing part of the '99 Holiday sales season. So, we decided to manufacture a product that we knew needed a number of improvements. The result: the response to MouseDriver has been very positive and we've received a ton of feedback on how to better improve the product...much better feedback that what the two of us working together could provide. **{The MouseDriver Chronicles, "Making Mice Is Hard to Do"}**
- Don't be paranoid about sharing your idea with others. Early on, we were afraid to even mention the MouseDriver name to distributors and suppliers, much less what the product actually looked like. We were convinced that someone was going to steal the idea, become an entrepreneur, find a manufacturer overseas, raise the money to design the product and find a distribution network before we even had a chance to get off the ground. Needless to say, we couldn't have been more naïve. Once we started sharing the idea with people in the promotional products industry, we found ourselves learning more and more about how to bring MouseDriver to market. In fact, for a few weeks, our strategy was changing on a daily basis. Following our conversations with another supplier/distributor, we'd reserve a conference room (corner table) at Starbuck's and hash out another distribution strategy. Our advice: share your idea with as many people as possible. You'll learn a lot more. **{The MouseDriver Chronicles, "Taking the Leap"}**
- Take your initial time estimates on when you think things will start to happen and multiply by at least 4. Unless you've had a similar entrepreneurial experience in the past, chances are, you will miss every date and milestone that you have set for the company. Fortunately, in many situations, you are not the one to blame for screwing things up. As a start-up (with no major funding or strategic partners), you will find that larger companies do not share the same sense of urgency as you do. You will also find that, despite how great your idea is and how strong your background may be, you have NO LEVERAGE. You will want to move at 200 mph, but because you are in a constant state of waiting, you're forced to move at around 50 mph. This period is extremely frustrating and will cause you to constantly second-guess your entrepreneurial decision. One suggestion: keep plugging away and laughing at the situation. At some point in time, everything comes together at once and the speedometer very quickly hits 500 mph...and then you become frustrated for other reasons. **{The MouseDriver Chronicles, "The Art of Low Finance"}**
- If you have a family (i.e. significant other/kids), make sure that they fully understand the ramifications of you're new situation. We are working constantly and because we are working out of our apartment, we feel compelled to work every hour of the day. We definitely manage to get out a couple of nights a week, but most nights are spent working until 1am. Neither one of us can fathom doing this gig with 1) a wife or 2) with kids. In fact, we don't see how someone could pull this off without putting some sort of strain on the family relationship. Our utmost respect and admiration goes out to those entrepreneurs who are starting their own companies with a significant other and family in tow. Our advice (like either one of us is qualified to give relationship advice): make sure that you're family understands that you may be MIA (missing in action) for a certain period of time and make sure that the family is extremely supportive of what you are about to get yourself into. **{The MouseDriver Chronicles, "Making Mice Is Hard to Do"}**

What we've done

- Sent out over 200 MouseDriver samples to contacts/distributors/customers and gathered feedback on how the product would fare in the promotional products and the consumer retail industries.
- Finally committed to a large inventory investment. In an effort to keep our equity "in-house" we both borrowed money against our personal assets to make this investment.
- Started to personally sell MouseDriver's to the corporate market (mainly financial services firms) and began establishing an independent sales representative network for the '99 Holiday Season.
- Learned a ton about the promotional products industry by meeting with a number of distributors, suppliers and corporate marketing managers.

Priority Goals

- Find a company advisor. Preferably someone who has significant consumer product and retail experience.
- Develop a strategic relationship with the right distribution network. The ultimate goal is to partner with a supplier(s) who can manage the intricacies of fulfillment and allow us to focus on marketing/PR.
- Identify when to start the design of an upgraded MouseDriver product that will be sold in the retail market.
- Identify when to make the next inventory investment (b/w 50,000 and 250,000 units).

The Stats

of new customers: 5

of people on this distribution: 95

of computer mice in our apartment: 350

Mood Meter: Tempered Excitement

The MouseDriver Insider #2
October 4, 1999
Distribution is Key

Topics: *Manufacturing, Distribution, Advisors*

Lessons Learned

- The world has experienced a slew of natural disasters over the past three months. Unfortunately, when you're manufacturing a product overseas, you're at risk of being effected by one of these disasters. Case in point: A typhoon struck Hong Kong in mid-September, shutting down our manufacturing facility and delaying shipment of our first 2500 units by 4 days. 48 hours later, an earthquake struck Taipei, halting the production of the integrated circuits that are used in our mice and delaying shipment another 7 days. So, over the course of 48 hours, our entire supply chain was cut off and our first deliveries delayed. Luckily, we had been warned of "random" issues in Southeast Asia and had planned for potential delays. At least the ship carrying our product didn't sink...which apparently happens more than you might think. **{The MouseDriver Chronicles, "Darkness, Darkness, Darkness, Darkness, Darkness"}**
- Distribution is key. We can't stress how important finding the right distribution channels are going to be to the success of this venture. You may have an incredible product, but its ability to sell is totally dependent on methods of distribution. In the beginning, we were excited about personally selling MouseDriver ourselves. We've very quickly realized how much of a pain-in-the-rear personally selling can be. So, on the corporate side of things, we're looking to team up with a supplier who will purchase from us and push MouseDriver through their already existing distribution network. On the retail side, we're utilizing independent representatives, segmented by industry, to push the product to retailers and consumers. Obviously, developing a strong relationship with the distribution network is paramount. For all of you following the next big internet trends (and who isn't), keep an eye out on those companies who have successfully integrated bricks and mortar distribution with e-tailing. **{The MouseDriver Chronicles, "Darkness, Darkness, Darkness, Darkness"}**
- Find a company advisor as soon as possible. The opportunity to run our initial strategies by a seasoned veteran would have saved us time, frustration, and headaches in the early stages. Advisors can comment on your direction, make important introductions and share their battle wounds. They can truly be of great benefit to your company. However, take the time to find the right advisor. Even though an advisor may have all the right credentials, make sure that they are willing to take time out of their schedules to address your concerns. Otherwise, they'll add little value. We've been searching for an advisor for over two months now and believe that we have finally located one...we'll keep you posted. **{The MouseDriver Chronicles, "Looking for Mr. Wacky Wall Walker"}**

What we've done:

- Completed fund raising efforts to finance sales, marketing and inventory expenses.
- Began targeting the golf industry as our first retail market and established a relationship with an independent sales representative (a former PGA Tour player!).
- Finalized two on-line partnerships to help build MouseDriver brand awareness and to help gather market research data (check out the Sports Prize Section on the PrizeCentral.com website).
- Started a public relations campaign within the golf industry slated to coincide with the retail buying season in January/February.
- Showed MouseDriver at two golf shows (Vegas and Orlando) in an effort to generate "buzz" and determine initial demand.
- Designed and manufactured our corporate packaging that will also be used for initial retail sales (and by the way, we've learned that packaging is just as important as the actual product).

Priority Goals (5 of our first 100):

- Identify strategic licensing opportunities within the golf market to help establish and maintain brand name.
- Identify/finalize a supplier relationship within the corporate promotional products market.
- Continue with our golf PR campaign and begin focusing on a more mass market campaign for early 2000.
- Utilize feedback from golf trade shows and initial corporate and retail sales to gauge MouseDriver demand and to help us determine the size of the next inventory investment.
- Visit manufacturer (supplier) in Hong Kong to better understand the manufacturing process/supply chain and to expedite the design process of MouseDriver II (incorporating feedback that many of you have provided us).

The Stats

of customers: 9

of people on this distribution: 106
of computer mice in our apartment: 2700
of computer mice in transit: 25,000

Mood Meter: An emotional rollercoaster

The MouseDriver Insider #3
October 25, 1999
The Golf Pros Come Knocking

Topics: Business development, Public relations, Distribution

Lessons Learned

- "If you build it, they will come". Surprisingly, MouseDriver has caught the eye of the professional golfing world. We have spent the last two weeks in discussions with a group of pro golfers/television commentators (and yes, most of you have probably heard of these guys) who have shown an interest in getting involved with the company. This group feels that an initial direct sales approach is the best way to go and that selling MouseDriver exclusively through a 30 second infomercial/commercial spot marketed towards the masses is the best way to ensure success. Although we'd be absolutely psyched to work with these guys (imagine all the fringe benefits), our intuition and basic business knowledge tells us that focusing on a single channel is just a bit too risky at this point in time. The bottom line issue: Do we utilize a "Big Bang" approach to blow this out via direct sales, or do we focus on targeting a specific market by utilizing a mix of different channels? Decision is to be made this week. **{The MouseDriver Chronicles, "Looking for Mr. Wacky Wall Walker"}**
- As a single-product company, we realize that building "buzz" around the product and generating positive PR is going to be critical to the success of MouseDriver. This month, we launched a PR campaign within the golf industry that primarily targets golf publications and media groups. We're hoping that the PR hits around January and February, in conjunction with all of the trade shows that we're scheduled to attend. However, if the PR hits any earlier (i.e. December), we stand the chance of not being able to fulfill potential Holiday Season demand. We'd hate to launch MouseDriver, get a ton of demand and not be able to supply product. So, by launching a PR campaign, we've opened ourselves up to some fulfillment risks...which will totally be determined by the golf media. **{The MouseDriver Chronicles, "Good God, We Make a Sale"}**
- Once again, distribution is "key". We have made the decision to redesign the website with full ecommerce capabilities. By January, individuals, retailers, corporations, etc. will be able to purchase MouseDriver via our website. What that means is that we have to locate a warehouse/fulfillment center who can integrate electronically with our website as well as hold sufficient MouseDriver inventory. The whole idea is to make the ordering process as seamless as possible...the only thing we should see at the end of the month is a check in the bank account. FYI: good e-commerce solutions that tie into fulfillment centers ain't cheap, but it allows you to supply product much easier and more efficiently. **{The MouseDriver Chronicles, "Must We Do Everything Ourselves?"}**

What we've done

- Began market testing/selling MouseDriver in a number of different channels including corporate (promo product), green grass (golf pro-shops), golf specialty stores (Roger Dunn), direct (out of the apartment and via sales reps) and on-line retail (chipshot.com)
- Began working with a golf charity organization that will use MouseDriver as a giveaway to people who donate money to the charity. The organization has agreed to co-brand their advertisements with the MouseDriver logo and description in a number of major newspapers around the country. We get free advertising in addition to goodwill!
- Began negotiating with 3 suppliers in the promotional products industry
- Secured booth space for the 2000 PGA Tour Golf show to be held in Orlando, FL in February
- Met with a couple of pro golfers and someone who we believe to be the real "Jerry Maguire"
- Signed up for personal golf lessons (Our golf game sucks and industry veterans have told us that we won't close many deals unless we're able to hold our own during a round of golf)

Priority Goals

- Move (Sell) as many of the 26,000 MouseDriver units currently in inventory before year's end
- Determine which promotional products suppliers best meets our current needs and long term strategic goals.
- Corporate culture/company values will also play a part in the final decision
- Begin the development of a new web site and ecommerce solution
- Explore financing options for a very large inventory investment (i.e. >100,000 units) sometime within the next 2 months
- Find a company advisor who can provide insights/perspectives on the retail side

The Stats

of units sold: 1000
of people on this distribution: 115
of computer mice in our apartment: 200

of computer mice in inventory: 26,500

Mood Meter: Impatient!

The MouseDriver Insider #4
November 17, 1999
Our First Big Mistake

Topics: Strategy, Sales, Emotions

Lessons Learned

- O.K., it's time to admit our first mistake...and we'll claim ignorance on this one. We could have done more to prepare for the '99 retail season. Back in June, when we were making all of the "strategic" decisions, we were told that 90% of all retailers make their purchasing decisions in January and February. So we assumed that there was no way we could obtain retail shelf space for the Holidays and focused our strategy on selling MouseDriver as a promotional product to the corporate market. If it weren't for our golf industry sales rep, we would still be cold calling major banks trying to sell them the MouseDriver concept. But, like most budding entrepreneurs, we're trying to make the best out of our mistakes. Our current 1999 strategy is to utilize the Holiday retailing season to test market MouseDriver (i.e. sell through a bunch of different/fragmented retail channels). We're hoping that by test marketing the product, we can gain valuable information that will help us better position and market MouseDriver when we "officially" introduce it at the PGA Merchandising Show in February. **{The MouseDriver Chronicles, "Must We Do Everything Ourselves?"}**
- Speaking of our sales rep...We both agree that having a strong sales force is probably the most important factor in getting the product to consumers. Whether you're hiring a sales force directly into the company or using independent representatives to help "push" the product, these individuals can make or break the company. A couple of months ago, we made an important decision to hire an independent sales representative and a public relations consultant in the golf industry. At first, there was a definite "we" verse "they" atmosphere as both sides were primarily interested in executing their own agendas. But, over the months, we have opened up to these guys and brought them into the company as if they were actual employees. We have shared our overall strategies, our concerns, our goals, etc. with them and they have done the same with us. We have made them feel like a part of the company and we feel that this will greatly benefit us in the future. **{The MouseDriver Chronicles, "Must We Do Everything Ourselves?"}**
- The "emotional rollercoaster" mood described a few weeks ago has become even more of a ride. Every day is a series of ups and downs and if you're not prepared to handle the swings, the chances of surviving from a personal prospective are pretty slim. We won't lie to you, this part of entrepreneurship really SUCKS!! For example, we'll wake up in the morning and immediately receive and order for 200 mice. Emotions are running high, enthusiasm prevails, high fives are flying around, and then, we won't receive a single phone call for the rest of the day. Depression and doubt then reigns. At least we've learned to recognize when we're about to hit a valley...thank goodness The Presidio Golf Course is only a five minute drive away.

What we've done

- Turned down a deal with a group of professional golfers (citing overall strategy, timing and deal structure as the primary differences)
- Spent money to design and develop a new and improved MouseDriver prototype. Not cheap!
- Sent out over 400 media kits (press release, slide, color picture, the MD story, etc.) to writers and publishers in the golf industry.
- Purchased a Sony PlayStation to be used during some of the "valleys" mentioned above.
- Guest lectured in an entrepreneurial marketing class and served as panelists for a business plan competition seminar at The Wharton School.
- Finally paid all of our back expenses that we have been incurring on credit cards. Simultaneously, we both managed to increase our credit limits on these cards.

Priority Goals

- Make as many people as possible aware that MouseDriver units are available for the Holiday Season.
- Finalize and ink a deal with a supplier in the promotional products industry. Our meeting with the first supplier occurs tomorrow.
- Continue to search for an advisor...had we found one this Summer, we would have been able to devise a retail strategy much earlier.
- Practice enough golf so that we at least look like we know what we're doing the next time our golf instructor video tapes our swings.

The Stats

of units sold: 2000

of people on this distribution: 131

of computer mice in our apartment: 35

of computer mice in inventory: 25,500

Mood Meter: Still Impatient!

The MouseDriver Insider #5
December 12, 1999
PR and Phone Sex

Topics: Business development, Distribution, Public relations, Marketing, Trade shows, Customer service

Lessons Learned

- The search for a promotional products supplier is almost over! In the last few months we've met with 3 suppliers who have shown an interest in carrying MouseDriver. Of course, each of these suppliers wants the exclusive rights to the product, so we have to be pretty diligent in our selection process. One thing that we've discovered; bigger and more reputable is not always better. Other things that we've looked for in our supplier relationship include; the # of new products that the supplier is introducing (more new products means less focus on MouseDriver), the \$\$\$ that they'll spend marketing the product, "fit" with the current product line, financial stability, industry reputation, and most importantly, how much effort are they going to put into promoting the product. We will select our supplier by the end of the week...watch out! **{The MouseDriver Chronicles, "Super Bowl Sunday"}**
- We love PR!! Anyone that tells you that PR is overrated has no idea what they're talking about. A good Internet PR firm out here in Silicon Valley charges upwards of \$20,000/month...worth every penny if the firm is good. Since we launched the first stage of our PR campaign in October, we've had over 100 media kit requests, been covered in a couple of golf magazines, featured on a couple of golf related websites, and interviewed by an AM News Radio station on the East Coast. In fact, our radio interview (KYW News Radio) and our feature on the PGATour.com website generated a 400% increase in unique visitors (1500 total last week) to our website. Now the challenge moving forward is to convert all of these visitors into buyers. I guess we can call ourselves an e-commerce start-up at this stage in the game...anyone object to MouseDriver.com?
- The PGA Merchandise Show in early February is the event that will determine how big of a success MouseDriver will be. Everything that we've done thus far has been done with the PGA Show in mind. Approximately 75% of all golf retail purchased for the year are made at this show. Manufacturers, distributors, retailers, media...anyone who has anything to do with golf attends this show, including the PGA Tour Pros themselves. Preparing for a trade show like this one is a huge pain-in-the-ass. You have to secure booth space, design the booth, identify giveaways, practice your media spiel, set up meetings with distributors/retailers, and prepare your body for 5 days of boozing, schmoozing and partying. The ultimate goal for us (other than not completely trashing our bodies) is to finalize a retail distribution network for MouseDriver. **{The MouseDriver Chronicles, "We Do Orlando"}**
- All the sales that we have made thus far have been direct. So, our gross margins are higher than they will be next year...we're just not getting the volume that a distribution network could provide. Unfortunately (or fortunately), direct sales means that we have to deal directly with customer service issues. We probably get 2 or 3 phone calls a day from customers asking about MouseDriver, inquiring about their order, or questioning the security of their on-line transaction. For instance, a few weeks ago, one of our sales reps gave a customer the wrong toll free number (instead of 1-877, he gave her 1-888). Turns out that the 1-888 number is a phone sex number...the customer wasn't real happy. We ended up having to convince her that we weren't a pornography company and sent her a free MouseDriver to prove our case. At this point in time, we can't afford to have any negativity associated with the product. Which means that we do everything possible to make customers happy. We hope that we can keep this up once the distribution networks are in place. **{The MouseDriver Chronicles, "Must We Do Everything Ourselves?"}**

What we've done

- Received over 100 requests for MouseDriver media kits from golf magazines, television shows, golf courses, newspapers, etc.
- Been the feature product on Chipshot.com's home page during the 1st week of the shopping season (and we didn't have to ask for this).
- Began identifying and talking with a number of retail distribution networks...both golf and non-golf related.
- Traveled to LA and Salt Lake City to negotiate with potential promo product suppliers.
- Received Platinum Visa's with a \$32,000 credit line, 2.9% introductory rate and 7.9% lifetime. Life is dangerous!

Priority Goals

- Finalize a supplier relationship within the next week (this is a huge decision).
- Complete rollout of the new and improved MouseDriver website with full ecommerce capabilities and fulfillment house integration.

- Collect on all of our outstanding accounts receivable (we're looking for anyone with the nickname of "knuckles" to help us out)
- Continue preparing for the PGA Show.
- Identify a distribution strategy before heading into the PGA Show (i.e. do we distribute by Industry, by region/territory, by client base, etc.).

The Stats

of units sold: 2500

of people on this distribution: 134

of computer mice in our apartment: 2000

of computer mice in inventory: 23,000

Mood Meter: Anxious for the PGA Show

The MouseDriver Insider #6
February 2, 2000
The Barter Economy

Topics: Operations, Fulfillment, Business development, Distribution, Bootstrapping

Lessons Learned

- Our search for a company to fulfill MouseDriver retail orders is over! We found a fulfillment house in Reno, Nevada (conveniently located near our time share in Lake Tahoe) who will stock all of our inventory, integrate secure on-line ordering with our website, provide 24 hour customer service and take orders/ship product to anyone who orders via our 800# or through our website. In addition, we have access to over 450 inventory reports that will allow us to track when, where, how fast, etc. MouseDriver's are moving. We're paying a premium for this service, but it essentially takes away the headache of us having to deal with orders (i.e. all we see is a check in the bank account at the end of the month) and allows us to focus on the marketing and PR side of things. **{The MouseDriver Chronicles, "Super Bowl Sunday"}**
- We finally completed our negotiations with suppliers in the promotional products industry, and yes, those negotiation skills learned at Wharton were put to work. (FYI: A supplier sells product to a distributor company who has lots of sales reps that sell the product to corporations as a promotional product. We sell to the supplier, they mark it up and sell to the distributor who then marks it up and sells to the corporation.) We decided to do a co-exclusive with two suppliers; Datapad is a very innovative company who focuses on manufacturing unique mousepads and desktop accessories. Barlow is the largest supplier in the promo product industry and has established itself as a premier brand name. The co-exclusive allows us to obtain larger coverage, benefit from the product marketing of both companies, and introduce MouseDriver into the market as quickly as possible. The largest promotional products industry trade show was held last week in Dallas, and both Datapad and Barlow were exhibiting the product. We should see a very large increase in sales in this industry within the next 3 months! **{The MouseDriver Chronicles, "Super Bowl Sunday"}**
- When you're not a .com company with millions of dollars in venture capital financing, you quickly learn to utilize your existing resources very effectively. Although we weren't able to move hundreds of thousands of MouseDrivers during the Holiday Season, we were able to use MouseDriver to assist us in purchasing other products and services. Hence the beauty of a barter economy...something we all learned at some point in time in high school economics. Over the past four months, we've bartered MouseDrivers for: two state-of-the-art golf putters, customized Mousepads, future ad space in golf magazines and newspaper publications, software and a slew of different promotional products. Let us know if you're interested in making a deal...**{The MouseDriver Chronicles, "Super Bowl Sunday"}**

What we've done

- Ordered MouseDriver Mousepads, customized media kit folders, button down Oxfords, and customized point-of-purchase displays for the PGA Merchandise Show. MouseDriver t-shirts are soon to follow.
- Sent product sales kits to major department stores, mall retailers and specialty golf shops in hopes of doing deals for the Father's Day retail season.
- Began negotiating (primarily wholesale price and bundling options) with major brand name retailers.
- Released our 2nd press release over the PRNewswire and Golf Services Newswire.
- Completed our new and improved website and registered www.mousedriver.com with Yahoo!
- Been featured on the front page of the business section in The Orange County Register and appeared (half page article) in the February 2000 issues of Senior Golfer and Golf Retailer Magazines.

Priority Goals

- Initiate the second phase of our marketing campaign focused more on targeted media and print advertising.
- Find key retailers (department/specialty stores) to distribute MouseDriver and finalize negotiations ASAP.
- Collect on all of our outstanding accounts receivable (this is such a pain-in-the-rear!)
- Sell, Sell, Sell!!!

The Stats

of stores carrying MouseDriver: 50
of people on this distribution: 140
of media publications mentioning MouseDriver: 15
of website visits for January: 4700

Mood Meter: Excitement!

The MouseDriver Insider #7
March 7, 2000
Tradeshows: A Painful Experience

Topics: Trade shows, Emotions, Distribution, Customers

Lessons Learned

- Trade shows are a real pain-in-the-rear! Not only do you have to spend time and effort traveling, setting up the booth, scheduling meetings, etc., but you also have to try and convince thousands of people to spend their hard earned money on a computer mouse that looks like a golf driver. You become an instant salesperson and you have to take (with a grain of salt) everything that people throw at you. Everything from "this idea will never fly" to "you must be the R&D guys of the company" are a serious crush to your ego...especially when you were riding the high seas of the Wharton MBA program 9 months ago. (Oh by the way, this is where having two different types of people working together is beneficial. Whereas John wanted to rid these types of people with a swift kick-in-the-ass, Kyle was much better at handling these situations in a very humbling sort of manner.) But, unfortunately, for a product such as MouseDriver, trade shows are a necessity. And, fortunately, the PGA Show has given us the exposure and confidence needed to make MouseDriver one of the hottest golf gift items of 2000. Despite all of hassles, we came out of the PGA Show with orders (and cash!) in our pockets, tons of great PR and lots of really cool golf things. **{The MouseDriver Chronicles, "We Do Orlando"}**
- Have we mentioned that distribution is key? We'll reiterate...distribution is huge and it's a painstaking process finding the right people to sell your product...especially when you don't know an industry that well. First, you have to decide whether you want to sell the product yourself (no way!), utilize a sales representative network (too much time to set up) or sell your product to distributors (who use their own sales reps). We decided early on that we wanted to minimize the number of selling contacts by focusing on distributors rather than sales reps. So, we're currently focused on finding distributors who can sell in three different MouseDriver segments: green grass (pro shops, specialty golf stores, etc.), department stores/mass merchandisers (Neiman Marcus, Macy's) and gift stores (Hallmark). Once we have distribution all figured out, we'll just kick back and find creative ways of marketing MouseDriver. FYI, most of the buyers at department stores are extremely arrogant. One buyer even hung up on John when she realized that Platinum Concepts was not a brand name manufacturer. Just another thing that crushes your ego. **{The MouseDriver Chronicles, "We Get Paid"}**
- Unlike all of the .com's out there, we're not going to blow our marketing dollars on a highway billboard (or SuperBowl ad) that reaches the masses. We fully understand that there is a niche market for MouseDriver and will focus on some very targeted marketing in the near future. In case you were wondering, we are positioning MouseDriver as an impulse buy (hence the \$29.95 MSRP) gift item for the golf enthusiast. Our customer base is primarily women (who usually purchase more than one) and the avid golfer whose office is full golf stuff. One thing that we have learned about this product is that it's an easy sell for people in the target market as long as they know what MouseDriver represents. So, we have to educate our target market on the product and hope they have an impulse to buy. We've had tons of comments with regards to MouseDriver improvements (i.e. scroll wheel, smaller size, etc.) and will take these into consideration. However, we must keep in mind that this is a "golf gift" item and not something we're trying to convince the individual to buy for themselves (except for the really avid golfers). **{The MouseDriver Chronicles, "I Am Forced to Wear a Suit"}**

What we've done

- Signed a deal with Brookstone who will carry MouseDriver in their 200+ stores for Father's Day
- Added a ton of new "golf" retail customers who, eventually, will be handed over to a distributor
- Managed to walk away from the PGA Show with Top 10 product honors from such publications as CNN Sports Illustrated, Golf For Women Magazine (p.42, current issue) and Fore Florida Magazine.
- Began developing a framework for our initial print advertising campaign (going with a theme motif)
- Bartered MouseDrivers for two separate golf vacations: The Running Y Ranch in Oregon and The Chateau Whistler in Whistler, B.C.
- Completely turned over the corporate side of things to distributors..which frees up lots of our time

Priority Goals

- Complete negotiations with retail distributors and get MouseDriver in all the channels before Father's Day
- Begin to execute the 2nd stage of our marketing campaign (educating target market on product)
- Find office space and begin looking for an administrative assistant of sorts
- Begin collecting on all of our accounts receivable that came out of the PGA Show. Collecting really sucks...another reason for going with a distributor.

- Establish an internet affiliate program

The Stats

of stores carrying MouseDriver: Alot

of people on this distribution: 141

Major publications mentioning MouseDriver (February): Senior Golfer Magazine, Golf For Women Magazine, The Orange County Register, The Santa Fe New Mexican, Golf Retailer Magazine

of website visits for February: 4700

Mood Meter: Overwhelmed

The MouseDriver Insider #8
April 4, 2000
Viral Marketing: Let the Fun Begin

Topics: Marketing, Evangelism, Strategy, Emotions

Lessons Learned

- Sometimes, when you're already taking a risk, taking more risks just seems natural. Anybody who's experienced the pleasures of a casino should know what we're talking about. Over the last 9 months, we've tried to share our MouseDriver risk-taking experience with all of you by putting together and distributing The Insider. Now, in an effort to generate more "buzz" around the product (and to allow others to share in our experience), we are opening up The Insiders to anybody interested. The way we see it, there's nothing in the past Insiders that can really effect our current business...we're too far down the line. I mean, who cares if a major distributor reads that we were working out of our kitchen...right? So, all of the past Insiders can be found at www.mousedriver.com/newsletter. Feel free to pass this link on to all of your friends, family, work colleagues and anyone else who you think might be interested in our gig. We'll keep tabs and let you know how this viral marketing campaign develops. **{The MouseDriver Chronicles, "I Am Forced to Wear a Suit"}**
- As part of our marketing campaign, we've set up a web affiliate program for MouseDriver. Affiliate programs allow other websites to sell MouseDriver without having to deal with processing the order, holding inventory, shipping product, billing, collecting, etc. An affiliate just puts a picture of MouseDriver on their website that says "Buy Me" and when a visitor clicks on the picture, they are directed to MouseDriver.com. We're hoping that the affiliate program will help to spread the MouseDriver name, generate more brand awareness and increase sales. The only problem with all of this stuff is that we have to manually approve each website that wants to sell MouseDriver. Otherwise, MouseDriver ends up being sold on random sites that sell stuff like guns and logo'd condoms. **{The MouseDriver Chronicles, "Schadenfreude"}**
- MouseDriver has been generating a ton of interest overseas. While we would love to introduce the product to the whole world, we're a little hesitant in fulfilling the 10,000 unit order sent to us by a Chinese golf ball manufacturer. Call it a fear of knock-offs, but sacrificing the cash flow right now to maintain our product positioning is well worth it. We're still sticking with our strategy of finding US distribution first, outsourcing all of the fulfillment crap and focusing on selling/marketing this thing in North America. Not to say that we won't entertain overseas distribution inquiries (in fact, we have sold very small quantities to European distributors), just want to make sure we focus on the strategy that we set way back in the Summer. Keep the product high-end, maintain the price point and help "pull" the product through the retail channels. **{The MouseDriver Chronicles, "We Get Paid"}**
- On a more personal note: We are putting a lot of pressure on ourselves to make this MouseDriver gig work. Since graduating from Wharton in May, two of our classmates have already sold their .com company's (\$68m and \$30M respectively). Every time we hear something like this, we tend to question what we are doing...especially from a financial standpoint. Recently, we've fielded a number of questions from friends asking us "Why would you manufacture a computer mouse shaped as the head of a golf driver when everyone else is going into ecommerce and making millions of dollars?" It's a very thought provoking question and the only real way that we can answer it lies in the quote below:

"If you want to make your dreams come true, you must sacrifice the need to follow"

What we've done

- Signed up with Commission Junction to help us manage our affiliate program.
- Collected on all of our PGA Show sales as well as our outstanding account receivable.
- Spent 2 hours being interviewed by a major business publication/magazine. Hopefully, if the story does run, we won't come out of it looking like complete jackasses.
- Added zip code search functionality and The MouseDriver Insiders to our website. Retailers like the zip code thing because it tells on-line customers where they can purchase off-line.

Priority Goals

- Initiate a PR campaign that is focused more on business rather than golf publications.
- Continue to find distributors in other MouseDriver market segments
- Find larger office space (preferably for less than the \$70/square foot that we're being quoted out here in the Bay Area).
- Launch a massive viral marketing campaign.

The Stats

of stores carrying MouseDriver: Alot More
of people on this distribution: 145
Major publications mentioning MouseDriver: Golf.com, Southern Michigan Golfer
of website visits for March: 7345

Mood Meter: Hungry and Motivated

The MouseDriver Insider #9
May 5, 2000
Our Friend "Ed"

Topics: *Bootstrapping, Distribution, Emotions,*

Lessons Learned

- We've made a ton of changes to the website lately, including the addition of zip code search functionality, the Insider Online and back-end marketing analysis. We'd like to say that as former IT consultants, we had no problems implementing these changes ourselves. Truth is...we don't know crap about web development and we don't have the budget to spend \$300/hr on a college level html programmer. So, in an effort to save time and money, we enlisted the help of a very tech savvy, knowledgeable friend...let's call him "Ed". "Ed's" been an invaluable technical resource and someone that we've been able to go to with all of our technical questions. "Ed" helps us do research, identifies cheap shareware, modifies our html code, and provides sound technical advice. He's also a "friends and family" investor. Our point here: if you're bootstrapping a company, make sure that you have very, very cheap access to a good technical person like "Ed"...it will make things a helluva lot easier. **{The MouseDriver Chronicles, "Our Plan for World Domination"}**
- Our distribution networks are finally kicking in. It's amazing... these guys are able to close large sales with retail buyers who refused to take our phone calls a month ago. One thing that we've done to help cultivate the distributor relationship; kept our wholesale price higher than our distributors. Not only does this signal to your distributor that you don't want to compete with them, but it also pretty much forces retailers to buy from distributors (who can give them better pricing). We know that our distributors have been around for awhile and have a ton of great retail relationships. We want to do whatever we can to incent them to push MouseDriver. In the long run, it's these guys who will bring us the volume sales. One thing that we've found strange in this industry though: Retailers who contact us directly are shocked (and some actually get a little testy with us) when we tell them that they can get better pricing by going through a distributor. Any clues on what we're missing here?
- Entrepreneurship is a great thing. You have the personal freedom to do whatever you want whenever you want. If it dumps 8 inches of snow in Tahoe on a Tuesday night, you have the choice of heading up to the mountains the next day. This option and ability to "get up and go" is absolutely priceless. However, this freedom doesn't come without sacrifice. Over the past 10 months we have had no income, spent most of our personal savings, maxed out a couple of credit cards each, performed very menial and unchallenging administrative tasks, been turned down for office space (b/c of too much personal debt), had our egos completely crushed, and lastly, been told that we have no vision and no idea what we're doing. All of this for the price of personal (and hopefully financial) freedom. Is it worth it...absolutely. Since the last quote seemed to be pretty popular, we'll leave you with another one from Mitch Albom's Tuesday's With Morrie (a great read by the way):

"Life without freedom to get up and go - mountain bike beneath you, breeze in your face, down the streets of Paris, into the mountains of Tibet - is not a good life at all."

What we've done

- Completely outsourced most of the operational aspects of the business so that we're now focused on sales, marketing and PR.
- Spent an hour with a customer who wants us to design and develop The Ear Mouse....yeah right!
- Developed and submitted our first two print ads. One is targeted towards golf retailers and the other is targeted to consumers.
- Signed an agreement with a movie studio to use MouseDriver as a prop in some scenes. It's a golf movie...the principle from Ferris Bueller's Day off is one of the stars.
- Sold MouseDriver to the defense crisis department at The Pentagon.

Priority Goals

- Find for 3 or 4 more large gift distributors in different regions of the country (i.e. Northeast, Midwest, West Coast, Southeast).
- Begin brainstorming on the possibilities of introducing a MouseDriver bundle package. Basically means identifying the bundle, researching the numbers and designing new packaging.
- Develop some very creative ways of marketing and promoting MouseDriver without spending a ton of cash. Any ideas that you might have are welcome!
- Pay ourselves!

The Stats

of stores carrying MouseDriver: 100<X<1000

of people on this distribution: 170

Publications mentioning MouseDriver: Tee Time Magazine, Golf Product News, The Corporate Logo
of website visits for April: 5118

Mood Meter: Remember the last scene in The Breakfast Club when Jud Nelson is walking through the football field? He opens up his hand, sees the diamond earring that Molly Ringwald gave him and raises both hands in triumph....he's (a.k.a. MouseDriver) finally made a connection with a "social society" that was always so foreign to him. That's kinda how we feel.

The MouseDriver Insider #10
June 15, 2000
In the Money...One Year Later

Topics: Finance, Sales, Marketing, Public relations, Evangelism, Emotions

Lessons Learned

- We've finally paid ourselves!!! On May 16th, 2000, exactly one year after donning the cap and gown at The University of Pennsylvania, we cut ourselves a modest paycheck. Now, from a financial perspective, we're still below our initial sales estimates, but at least we know we'll be able to pay ourselves through the summer and hopefully through the end of the year. Of course, we'll need to make a lot more money before deeming this venture a financial success, but it's pretty cool when you're able to take an idea, bootstrap that idea with mostly personal savings and credit cards, sell that idea to others and then watch that idea provide you with some badly needed income. It wouldn't be the same if we had millions of dollars in funding! **{The MouseDriver Chronicles, "We Get Paid"}**
- MouseDriver is now being sold in all of the Brookstone stores in North America. In fact, MouseDriver has been in Brookstone stores since late May and has been in such demand that Brookstone reordered within one week of putting the product on their shelves. We can't begin to tell you how HUGE having this product in Brookstone will be for us. Last year, Brookstone sold over 800,000 electronic BBQ forks (you stick it in your piece of meat and it will tell you if your piece is well done, rare, etc.), and this year they're expecting to sell over 1M BBQ forks. Go into a Brookstone store and its BBQ Fork city...they're promoting this thing everywhere. We're not expecting to sell over 1M MouseDrivers in Brookstone, but we're hoping that they will provide a significant amount of our sales revenue. 2000 sales projections will be given to us shortly after Father's Day and then we'll have to deal with financing (again) another inventory investment...we're waiting anxiously. By the way, our new hobby is walking into Brookstone stores, talking up the product to random shoppers and watching people purchase The MouseDriver set. It's a pretty rewarding feeling. **{The MouseDriver Chronicles, "We Get Paid"}**
- Given our recent increase in sales, we found it necessary to put together a marketing budget. Granted, our budget is very, very small, but it allows us to strategically think about the most effective ways of promoting MouseDriver to the public and generating some brand recognition. After much debate, we've decided to allocate about 90% of our marketing budget to obtaining business PR. Our goals with obtaining business PR aren't necessarily to increase sales, but rather, to help tie the "story" to the product and hopefully, give people an emotional tie to MouseDriver. The "story" that we're pushing is a combination of two things: 1) Why would two Wharton MBA's forego other lucrative career opportunities to manufacture and sell a novelty computer mouse out of their kitchen?.and 2) You don't have to have a complex business idea to reap personal and financial reward...sometimes the simplest ideas are the best. Since we can't afford to pay a major PR firm \$20,000 a month, we're researching more affordable independent PR consultants to help us take The MouseDriver Story to the media. We hope this works. **{The MouseDriver Chronicles, "I Am Forced to Wear a Suit"}**
- We've got Cabin Fever...Big Time!! Not to say that working out of your apartment doesn't have its advantages, but we are seriously hurting for some additional interaction. Sometimes, regardless of how much work there is to be done, we found ourselves lacking energy and motivation. We'd love to obtain office space, but it just doesn't make sense to spend \$80/square foot when we can take our "virtual" office anywhere. So, we're going to start making an effort to work in other places...coffee shops, the beach, friends offices, exotic travel destinations, you name it...we'll see if that helps us. **{The MouseDriver Chronicles, "Massage Parlors, Sizzling Exposés, Lawyers, One-Day Shoots and Gambling Debts"}**

What we've done

- Finalized the initial design of our new retail single unit package and our retail bundle package.
- Placed and ran our first consumer ad in Golf Extra Magazine (Southern CA publication).
- Donated MouseDrivers to be used as tee/awards prizes in several high-profile charitable golf events. Hoping that this will generate brand awareness and goodwill towards MouseDriver.
- Initiated our own business PR campaign and began researching independent PR consultants.
- Began preparing for the 2001 Holiday Season. Seriously! Retailers/distributors start making product decisions 18-24 months out.

Priority Goals

- Obtain accurate sales estimates from our current retailers and distributors.
- Determine what our next inventory investment is going to look like and quickly determine how we're going to finance this investment. Oddly enough, even if you do have access to cash (i.e. investment,

bank loan, etc.), credit cards are sometimes the cheapest way of accessing money...especially if you have good credit and large credit lines!

- Find a PR consultant and launch our business PR campaign.
- Find for 3 or 4 more large gift distributors in different regions of the country (i.e. Northeast, Midwest, West Coast, Southeast).
- Begin looking into guest lecturing at local universities.

The Stats

of stores carrying MouseDriver: 500+

of people on this distribution: 175

Publications mentioning MouseDriver: Golf Digest (latest issue, p.38), FORE California Magazine, The German Golf Journal

of website visits for May: 5062

Mood Meter: We're not too sure what our mood is this time around. Once all of the Father's Day numbers are obtained, we'll let you know what we fee like.

The MouseDriver Insider #11
August 11, 2000
Out of the Apartment...Finally!

Topics: Emotions, Distribution, Public relations, Operations, Inventory

Lessons Learned

- John is thinking of dying his hair Platinum Blonde! We're not talking about the casual highlight here...we're talking jet white. We'd like to think that he's contemplating this because of his desire to be a renegade, to show the world that he's not afraid to be different and go against the grain. And, of course, to continue to bring much needed awareness to the company (Platinum Concepts, Inc.). However, we know that if he actually does make a visit to the salon down the street, it will be a direct result of working out of our apartment kitchen for 13-MONTHS (seriously!)...it's absolutely amazing the things you'll do to "change your environment" when your creativity and motivation are stifled in such a lackluster setting. On that note, we've finally found office space, and it's conveniently located two doors down from our former strategic boardroom... Starbucks. Thanks to a friend on the Insider Distribution list, we've secured the back room of...get this...an old massage parlor. It's not much, but it's relatively inexpensive, has phone and network connections, and adds another virtual stop to our repertoire of workspaces. **{The MouseDriver Chronicles, "Massage Parlors, Sizzling Exposés, Lawyers, One-Day Shoots and Gambling Debts"}**
- We've run into a little snag during our search for regional, stock-holding gift distributors. THEY DON'T EXIST!! Although we were hoping to find distributors who would purchase MouseDriver from us and then deal with all of the selling, shipping, invoicing, collecting, etc, we've discovered that products in the gift industry are primarily sold through manufacturers representatives. So now, we've got a huge decision to make with regards to our overall strategy and our company structure. Do we continue to hold out and hope to stumble across a distributor (or another manufacturer) who can actually hold inventory and sell MouseDriver to gift stores and department stores, or do we start utilizing rep networks and find a way of billing, collecting, etc. ourselves? We've pretty much decided that the latter is a "no-option" as neither one of us is particularly excited about spending the majority of our time in QuickBooks (our accounting, invoicing, financial software package) and essentially becoming a collection agency. Hopefully, those expensive MBA skills that we acquired will help us to very quickly come up with an alternate, creative distribution strategy.
- On Monday, August 14th, we will officially launch a broader public relations campaign to help generate more product awareness, to help us secure some speaking engagements and to help tell the "business story" of MouseDriver and generate credibility for Platinum Concepts. We've been planning on launching this campaign for some time now, but the search for the right public relations agency/individual took a lot longer than expected. In the end, we were torn between an agency in NYC and an independent consultant in LA (a reference from another Insider member). Here's what we found out: Agencies can offer lots of resources, experience in launching other consumer product campaigns, credibility with the media and potential overlapping synergies with other clients. Independents can offer lots of motivation/pride, lots of time/availability to dedicate specifically to you and your product, and most importantly, the ability to align themselves with your company culture. In the end we chose the independent consultant in LA for two reasons: she's a 45-minute plane ride away and she has shown a tremendous amount of enthusiasm in working with us. Look out...the publicity is just beginning! **{The MouseDriver Chronicles, "I Am Forced to Wear a Suit"}**
- Managing inventory sucks! If you don't buy enough for the Holiday Season, then you get to kick yourself and think about all of those sales that could have been made. If you buy too much (like we did last year) you get to kick yourself and think about all of the money that was spent inefficiently. It's a never-ending quandary and especially difficult when you don't really have past sales in which to base your next inventory investment. For all of you business school crows out there, we are living one giant beer game simulation (aka inventory simulation). Fortunately, we've spent an exorbitant amount of time developing a financial model that allows us to perform all sorts of different inventory what-if scenarios and have a pretty good idea of what we should and can afford to invest. It's all still a crap shoot though...let's just hope MouseDriver will be as hot as we expect it to be. **{The MouseDriver Chronicles, "Our First Second Thoughts"}**

What we've done

- Played two rounds of golf in Pebble Beach free of charge (and made complete jackasses out of ourselves)
- Gathered sales estimates from all of our current distributors and retailers for the rest of the year
- Redesigned MouseDriver packaging and point-of-purchase display based on customer/retailer feedback. It's going to have much more of a gifty feel to it.
- Began discussions with distributors in Asia, New Zealand, Australia, Canada and Europe

- Purchased wireless web phones so that we can continue to work virtually (the email feature works great, but everything else is pretty suspect)

Priority Goals

- Complete our inventory production run for the 2000 Holiday Season
- Achieve full-penetration in all of our target segments by Father's Day 2001 (golf stores, gift shops, department stores, sporting goods stores, and mass merchandisers)
- Kick-off and support a broader PR campaign. We're hoping to be spending a good amount of our time speaking/guest lecturing and different schools around the country.
- Move into the new office space ASAP!

The Stats

of stores carrying MouseDriver: 600+

of people on this distribution: 177

Publications mentioning MouseDriver: Giftware Business Magazine, Golf-Tips Magazine, Potentials, Meetings and Conventions Magazine

of website visits for June: 5162

of website visits for July: 5253

Mood Meter: Let's be honest here. We've put in the work, we've paid ourselves 3 times in the last 13 months, we've solidified distribution and the Holiday Season is just around the corner. We're ready (and very anxious) to bank some serious cash!!

The MouseDriver Insider #12
October 2, 2000
The Paper Anniversary

Topics: Emotions, Manufacturing, Strategy, Marketing, Company growth

Lessons Learned

- We can't believe that we've been writing The MouseDriver Insider for over a year now. The fact that we were working out of our apartment for 13 months was pretty amazing, but knowing that we've been focused on selling a novelty computer mouse since we graduated in May, 1999 and able to keep people informed of our progress is even more amazing. On that note, we've found that we get a ton of satisfaction out of not only sharing our "bring your product to market" experience with others but also in advising people who have product ideas but are a little unclear with regards to what steps they should take next. We received a number of inquiries via email and phone over the last couple of months from people who have some pretty amazing ideas and are looking for our insights and perspectives. It's cool. They tell us their idea and we briefly run through all the different issues that they might run into; manufacturing, operations, marketing, distribution, raising money, knock offs, etc. It's been very satisfying and makes us realize that we've actually learned something since graduation. Maybe a consulting career beckons after all!!
- Running into a manufacturing issue on the eve of the Holiday Selling Season is the very last thing that a company wants to see happen. That being said, we've run into a little issue with our manufacturer in China that has, at the least, tested our abilities to deal with stress. The major disadvantage of manufacturing overseas is a lack of control, and unfortunately, that lack of control has led to a substantial delay in the delivery of our Holiday units. The bad news: if things get any worse, we could end up missing part of the Holiday Selling Season...again. The good news: we've got a very good relationship with our manufacturer and are fairly certain that we will not miss the Holidays (knock on wood). Still, it kind of sucks when you're only focus for the entire year is to get ready for the Holidays and because of something completely out of your control, you find out you may have less product to sell than you'd like. **{The MouseDriver Chronicles, "Full Circle"}**
- We'll be the first ones to admit that there's a very good chance that the marketing strategy that surrounds MouseDriver and Platinum Concepts, Inc. may or may not be the best strategy out there. When this is all said and done, we'll be able to look back and say "hey, we were right on" or "we totally screwed up". But right now, all we can do is stay the course and focus on the strategy that we developed during all of those marketing classes at Wharton. So, just to remind everyone, our strategy is to focus on positioning MouseDriver as a high-end, quality, impulse gift item through the Holidays so that we can do our best to help retailers maintain a \$30 price point. Keeping a higher price point helps us brand MouseDriver as a great impulse buy gift item within our target demographic (the golf market). Next year, once we feel like we've reached acceptance within our target market, we will focus on mass distribution. Although we could have gone mass this year (and we turned down a number of fairly large sales deals), we felt that by building some sort of brand awareness and staying high-end now, we could generate more sales through mass distribution next year. (Please note: "building a brand" is used very loosely here...anyone who thinks a brand can be built in a year needs to check out DrKoop.com's stock price!) **{The MouseDriver Chronicles, "Full Circle"}**
- So now we have to start thinking about what's next for Platinum Concepts, Inc. MouseDriver is going to be around for a while, so we're not too worried about its lifespan. However, our distributors and retailers are starting to ask us for other products...seems like they've taken a liking to our company and the way we do business...which is a good thing. We definitely have some other products in the pipeline, but really need to figure out if we want to expand beyond the golf and gift industries. With all of the guest lecturing and PR that we're receiving, we're hoping that Platinum Concepts gets "branded" as a company known for bringing very unique, quality products to market and as a company who develops very strong relationships with partners in the supply chain. The big questions: What industry do we want to focus on? What types of products do we want to manufacture? And most importantly, how are we going to source new products? If anyone has any comments, feel free to share them with us...we're open to any suggestions!

What we've done

- Spent two days with a reporter from Inc. Magazine in our offices in San Francisco. It made us feel like a legitimate company/organization!
- Attended the International PGA Show in Las Vegas. We didn't have a booth this time (thank goodness) so we actually got to enjoy walking around the floor and meeting with people.
- Did a "product spot" for an in-flight video that will air on Delta and British Airways in December and January. It's called CEO Bytes...look for Kyle in the MD T-shirt!

- Volunteered to perform a workshop seminar at the National Collegiate Inventors and Innovators Conference in Washington, D.C. next March. It's a long shot, but could be very cool.
- Moved into our new office space. Huge difference between the new space and the apartment.

Priority Goals

- Be fully prepared for the onslaught of MouseDriver Holiday Sales that are about to occur.
- Put together presentations for the different MBA programs and universities where we will be guest lecturing over the next couple of months.
- Launch a direct mail campaign to independent gift stores. We'll let you know how effective this one is...at least we can track it.

The Stats

of stores carrying MouseDriver: 700+

of people on this distribution: 185

Publications mentioning MouseDriver: Southwest Airlines Spirit Magazine, Golf Illustrated, Computer Games Magazine, Golf Magazine

of website visits for August: 4895

of website visits for July: 4682

Mood Meter: We've been through all sorts of different emotions over the past 15 months. We're not really sure what the mood is this time. If anything, it's impatient and unknowing.

The MouseDriver Insider #13
December 11, 2000
Lights! Camera!...Cheese?!?!

Topics: Public relations, Collections, Sales

Lessons Learned

- When you've received a ton of positive feedback regarding your product, it's hard to accept that anybody out there might actually show some negativity towards your "baby". Case in point: The same day that Reuters included MouseDriver in their Holiday Gift write-up (which is picked up by thousands of smaller publications worldwide), the LA Times included MouseDriver as one of its "Turkeys to Avoid" (referring to MD as a chunky, clunky mouse). And we thought MD could do no wrong! The lesson to learn here...you have absolutely no control over what the media is going to say about you, your company or your product. You can try and spin it anyway you can, but when the ink hits the paper, the last word is up to whoever's doing the writing. The other lesson to learn here...Any PR is good PR. After all, we did make it into the LA Times.
- It looks like we're going to get some of the business PR that we've been hoping for. The fact checker from Inc. Magazine contacted us a couple of weeks ago to make sure all of the article information was correct (and even followed-up with a number of Insider subscribers). We're not too sure what the article is going to be about, but assume that a portion of it is focused on The MouseDriver Insider (i.e. why we write it, why people are (hopefully, still) reading it, etc.). In fact, the photographer from Inc. Magazine came to our office on Friday and spent the entire day trying to make us look a lot better than we actually do. Taking photos is hard work. You have to stand around and pose while the photographer gets the lighting right, makes sure he has the right angles, assesses the type of shot he wants, etc. and then you get to be as still as possible while he cranks out about 100 shots of every picture. It was actually a pretty cool (and very exhaustive) learning experience...and Kyle even got a new nickname out of the whole deal! **{The MouseDriver Chronicles, "Massage Parlors, Sizzling Exposés, Lawyers, One-Day Shoots and Gambling Debts"}**
- As a single product manufacturer who sells a novelty gift item, we REALLY like this time of year. Around mid-October we began to see a huge spike in everything...sales, phone calls, customer service inquiries, PR, website sessions. This spike lasted around 6 weeks and has just recently tapered off. We haven't run the final numbers yet, but we'd be willing to guess that around 40% of our sales occurred during the October/November timeframe. Now, the sales are good and we're not complaining, but as our accounts receivables (AR) increases, other small issues begin to surface: I.E. How and when do we collect our money? Although we've been in business for over a year now and have a recognizable product, we still have NO LEVERAGE with the major retailers and probably never will. The larger stores can choose to pay us whenever they want and we can't do a thing about it....we've tried calling on a weekly basis, but that doesn't seem to do anything but annoy the accounts payable people...who now simply screen our calls as our number comes across the caller id screen. It's basically a waiting game and you have to plan accordingly.
- OK, so our strategy is pretty much going as planned and we're ready to move into the larger stores and mass merchandisers. However, we're having some problems actually getting MouseDriver in front of the buyers of these stores. It sounds really easy...just mail the buyer your product and company information, show them that you've got good sales and tons of PR and wait for them to come knocking on your door. Yeah right! Talk about being naïve. There's definitely a relationship factor and a "who you know" thing going on with regards to introducing new products to the big merchandisers. We're working frantically right now to make sure our product gets into these stores, but it ain't easy. Once again, we find ourselves randomly calling up contacts that have been passed along in hopes of finding the right connection. It seems as if we've been going at this for a year now with limited success. Bottom line: in order to make MouseDriver a "financial" success, we'll have to find some sort of mass merchandiser distribution in 2001 who can move a boatload (literally) of novelty computer mice! **{The MouseDriver Chronicles, "Full Circle"}**

What we've done

- Initiated a direct mail campaign to independent gift stores in the US that resulted in a 50% ROI.
- Provided cursory consulting services to several start-ups in the Bay Area looking to "bring their product to market". (We actually know something now!)
- Guest lectured at Cornell and hung out with Tony Bennett and The Money Honey from CNBC at Wharton/UPENN fundraiser in Philly. We donated 800 Wharton logo'd mice for this event.
- Began planning for the 2001 selling season...includes looking at mass merchandisers, contacting sales reps, forecasting inventory, and most importantly, figuring out cash flow constraints.

Priority Goals

- Get MouseDriver in front of the buyers at the big stores. This has been much easier said than done...in fact, it's been a real pain-in-the-ass.
- Develop a complex algorithm to help us forecast 2001 sales. Yeah right! We need some sort of forecast though and we've got a little bit more information this time around.
- Begin identifying the lead times required by magazines and publications for Father's Day PR.
- Write a MouseDriver Case Study.

The Stats

of stores carrying MouseDriver: 750+

of people on this distribution: 192

Publications mentioning MouseDriver: Maximum Golf, The New York Daily News, The San Diego Union Tribune, The LA Times, Reuters, The Atlanta Journal Constitution, The Colorado Springs Gazette, Sky Mall

of website visits for November: 5682

of website visits for October: 4827

Mood Meter: Absolutely ecstatic that we're no longer carrying any company related debt on our personal credit cards!

The MouseDriver Insider #14
February 12, 2001
The Story Gets Better

Topics: Sales, Customer service, Public relations, Company growth, Emotions

Lessons Learned

- Finally!! Through a friend of a friend's Mom, we've developed a relationship with a sales rep who has the contacts and experience needed to bring MouseDriver to the mass merchandisers. It's wild...we spent so much time trying to locate a sales rep via trade shows, industry contacts, online resources, etc. and it turns out that all we needed to do was grab a couple of beers and talk "business" with a couple of skiing buddies. Amazing the contacts that you can find in your own backyard...so to speak. Unfortunately, finding a good sales rep is only half the battle. We've now discovered that the mass merchandisers don't want to have anything to do with a single-product company. Why?...Paperwork!! The big buyers just don't want to deal with all of the time, headache, and paperwork involved with setting up a new vendor in their system, especially if it's only for one product. So our sales rep and all of his buying buddies are telling us that we need to go through distributors...which is good since that's been our preferred strategy all along. Funny how things work out sometimes...still, this distribution BS seems like a never-ending battle.
- We pride ourselves on customer service. We're small enough (and currently have the time) to focus on making sure that our customers are satisfied. That means we respond to all emails and phone calls on an extremely timely basis and do whatever we can to distinguish our company from the slew of other consumer product manufacturers out there. So, when we realized a couple of weeks ago that none of our info@mousedriver.com emails were being forwarded to our email accounts, we totally freaked. We had over 75 emails dating back to December 4th, 2000 from people inquiring about MouseDriver, our company, etc. Most of the emails were from customers who, for one reason or another, weren't completely satisfied with the MouseDriver that they had received as a gift over the Holidays. (And this whole time we just assumed that we had somehow made it through the Holiday Season completely unscathed...seriously!) We ended up responding to all of the emails and offering free MouseDrivers and promotional mousepads to many of our customers who had been waiting over 6 weeks for a response. Still, we were pretty embarrassed and bummed about the whole thing...especially by the customers that totally ripped on us for not initially responding (i.e. some guy basically told us that our product was a sham, our company was a joke and we didn't have the balls to respond to his email...it's that whole ego crushing thing repeating itself).
- If you haven't heard by now, we made the cover of a major business publication (Inc. Magazine). We're not exactly sure how we pulled this one off, but we're obviously psyched that the "story" is being pushed to bookstores, newsstands and over 600,000 subscribers around the country. So does having your picture appear on the cover of a magazine change anything?...ABSOLUTELY! Other than the slew of phone calls that we're receiving on a daily basis, our workday now primarily consists of answering the 150 emails that we individually download each morning. Many of the emails are from other entrepreneurs who were inspired and motivated by the article while others are simply people sending us their kudos and signing up for The Insider. We've also received inquiries from other business publications interested in "the story", potential customers interested in the product, entrepreneurs wanting advice, admirers wanting to give us their insights, literary agents/publishing companies who think book opportunities might actually exist and high school acquaintances that we haven't spoken to in over 15 years. It's crazy! Our guess is that all of this will be a "Flavor of the month" sort of thing and will die down over the next few weeks...but hey, if the media wants to keep supporting us, we'll certainly support them!
- With the addition of our sales reps and the running of the article, this whole venture has taken on a much different feel. We no longer feel as if we're just the two guys trying our best to sell MouseDriver out of the massage parlor, but that we're two moderately successful entrepreneurs who might have the opportunity to make some really big things happen (Note: this may or may not be true, but it's kinda how we feel at the moment). A lot of doors have been opened for us over the past month and the business article has only helped to reinforce the fact that we're a legitimate company. We're now in a position where we can take the company in a number of different strategic directions and we really need to sit down and think about our goals...not only from a company perspective but also from a personal perspective. Regardless of what we end up doing, one thing's for certain: We've got to stay focused and make sure that we can convert all of this positive press and door-opening opportunities into MouseDriver sales...otherwise, we're doing the company, ourselves and most importantly, our investors a disservice. It's a challenge, but something that we think we'll be able to handle...let's hope.

What we've done

- Added a major golf distributor whose accounts include department and sporting goods stores.
- Met with a literary agent and four major book-publishing companies about the possibilities of turning the Insiders into some sort of book opportunity (alright, we're a little clueless on this whole process, so let us know if you have any thoughts).
- Guest lectured at Pepperdine (phenomenal campus), USC, Wharton and Columbia.
- Met with a number of promising entrepreneurs including a 15-year NFL Veteran and 8 time pro-bowler (the cool part about this deal was that we actually remember watching this guy play).
- Met with an editor for MBA Jungle Magazine; did an interview with Bloomberg News Radio; did a photo-shoot with Entrepreneur Magazine (much easier and less involved than the Inc. shoot with more of a product focus).
- Added an entrepreneur discussion forum to our website...we'll see how long this actually lasts.

Priority Goals

- Convert all of this positive PR into really BIG sales (aka: Cash!)
- Extend our line of credit at Wells Fargo Bank so that our next inventory investment is a little less stressful than the last one.
- Determine the strategic direction of the company. (i.e. Do we introduce more products or let MouseDriver run its course?).
- Personally respond to all of the emails currently sitting in our in-boxes.

The Stats

of stores carrying MouseDriver: 750+

of people on this distribution: 302

Publications mentioning Platinum Concepts/MouseDriver: Inc. Magazine, The Scout Report for Business and Economics (don't ask, we have no idea)

of website visits for January: 6183

of website visits for December: 7142

Mood Meter: "Oh, how I feel like I'm alive for the very first time. Sit up high I'm strong enough to take these dreams and make them mine. Can you take me higher..." ("Higher" From Creed's Human Clay Album).

The MouseDriver Insider #15
April 2, 2001
Back to the Apartment...Again!

Topics: *Operations, Finance, Inventory, Marketing, Strategy*

Lessons Learned

- We've been screwed by the downturn in the economy!! We made a decision a couple of months ago to expand our horizons a bit and sublease office space from a friends technology company. The thought of being in a "real" (i.e. lots of people and a coffee machine) space as opposed to a shed seemed appealing and the idea of continuing to pay office rent on a month-by-month basis were attractive. On Thursday of last week, after spending countless hour preparing for and actually making the move, our friend called to say that he and everyone else in his company had been abruptly terminated. So, after being in our new space for all of 30 minutes, we were told that we would now have to find someplace else to squat. No problem, right, we'll just go back to the apartment and work for a couple of weeks until we find some other space. Well, it turns out that on that same Thursday, our DSL provider, bankrupt Northpoint, officially cut off services to all of its subscribers. Now, we're back in the apartment with no high speed internet connection, all of our office stuff is sitting in the garage, and we're dreading the idea of doing this apartment work/live thing all over again. At least we're virtual!
- History is repeating itself here at Platinum Concepts. In an effort to finance a large inventory investment, we have once again incurred a serious amount of credit card debt. This time though, being in debt isn't so "cool". Last year we just figured that the credit card thing was a part of the whole learning experience. You know, pay your dues, get your battles wounds, feel the pain, etc. But now, as the inventory investments are getting bigger and bigger, it's becoming more apparent that we're incurring some very grave risks here. We always assumed that our bank, Wells Fargo, would come through for us and extend a line of credit that was greater than \$24k. We also assumed that we would have plenty of cash in the company to be able to cover our next inventory investment. Turns out our assumptions were wrong. The good news: there's a very important lesson to learn here. The best time to get all of your funding sources lined up is when you think you don't need money. When we were bored out of our minds last Summer waiting for the Holiday sales to pick up, we should have been applying for SBA loans and going to local banks in an effort to raise money. Next time, we'll know.
- We have a book deal!!! Well, we've been told by both our publisher and our agent that we have a deal, but we haven't actually seen a written contract yet. So, we may be retracting this information in the next Insider. But for the time being, we figured that we might as well share this news with everyone. Apparently, our book publisher is intrigued with the idea of a business book that's not a "how-to" book (we never claim that we know what we're doing anyway) but rather an "experience" book that chronicles the ups, downs, experiences, emotions, etc. of two guys trying to bring a product idea to market. Basically, the book would be 250 pages of the Insiders...on steroids. Here's the issue though: the publisher supposedly wants a finished manuscript by July. Given that we need to really focus on sales (otherwise, the book won't have a very happy ending), neither one of us can really dedicate all of our time to writing this book. So, we're looking into bringing on a ghost-writer...someone to help us write the book. If we can't find an affordable ghost-writer, then we'll probably have to pass on the book this time around. Focusing on sales is just too important right now...but how sweet would it be to have a book out there!?!?
- Last year, we spent most of our time and effort focusing on introducing MouseDriver to the consumer retail market. The primary reason for focusing on retail was based on the research that we had done on the Advertising Specialty Industry (ASI). It turns out that the promotional products that do really, really well in the ASI are those that have done well as consumer retail items. So, given that information, we decided to execute our retail strategy first with hopes of building MouseDriver awareness and sales. Now that we've had some moderate success with MouseDriver as a retail item we're going to shift our focus somewhat and start concentrating on building sales and awareness within the ASI. We've always felt pretty confident that MouseDriver, branded with a company name or logo, would make a great corporate giveaway/incentive/gift/tee prize. Hopefully, our patience will pay off and our "retail first" strategy will prove fruitful.

What we've done

- Did a photo shoot with entrepreneur magazine and a television shoot for a show called TechNow.
- Developed samples for a clam-shell (plastic packaging) package that we will present to mass merchandisers such as WalMart, Target and Sam's.
- Put together our first book proposal. It's basically a combination of a marketing plan (book people call it a platform) and the details of your product (chapter outlines/synopsis).

- Began doing high-level research on what we think could be Platinum Concepts next product...and this one has much more of a "tech" focus to it.
- Initiated our first marketing campaign into the advertising specialty industry.

Priority Goals

- Figure out what the hell we're going to do about obtaining office space!
- Finalize new product research and conduct a feasibility study to determine whether or not we should continue to move forward with our new idea.
- Generate as much MouseDriver awareness as possible within the ad specialty industry.
- Find a ghost-writer who can effectively capture our voices and make a final decision on the book deal.
- Sales, Sales, Sales (seriously, we need to make some big sales really soon).

The Stats

of stores carrying MouseDriver: 750+

of people on this distribution: 375

Publications mentioning Platinum Concepts/MouseDriver: Mobile Computing Magazine, Small Business Opportunity Magazine, Inc. Magazine (April issue), TechNow

of website visits for January: 8700

of website visits for February: 8336

Mood Meter: Psyched that people are noticing us, bummed that sales aren't higher, grateful for this incredible learning experience and scared shitless with regards to our latest credit card issues.

The MouseDriver Insider #16
May 22, 2001
Our First Growing Pains

Topics: *Company growth, Bootstrapping, Sales, Distribution, Strategy*

Lessons Learned

- We've decided to make Platinum Concepts bigger than just MouseDriver! The way we figure it, we're in a prime position to take advantage of our knowledge gained over the past two years, our momentum (especially from a company awareness perspective) and most importantly, our distribution channels that we've spent so much time developing. Plus, when in life are you really ever going to have the opportunity to "build out" a company? We may never be in this position again. And, we already have a new product in the works that we believe has much more intrinsic value than MD (i.e. not just a novelty item) and that we hope will have a lot of upside for both the company and our investors. We've done the research, we've set up partnerships, we've put together a business plan...we're ready to go! So what 's the product? It's code named "BallTender" and it's an electronic golf ball locator that utilizes military/spy technology to help find lost golf balls during the course of play. Pretty cool!! Here's the only caveat: Unlike MouseDriver, this is not a "bootstrap" type of idea...we have to raise some money in order to bring this product to market. So, if you know any really rich golfing angels, feel free to pass along their names to us...we could use all the help we can get!!
- When you've bootstrapped a company for two years, you give yourself an opportunity to do everything under the sun with regards to running your business. You get to design your products, play with the accounting books, develop marketing campaigns, fulfill orders, answer customer service questions, raise money, negotiate with manufacturers, sell your product, clean the "office", etc. You get the picture. The beautiful thing about doing everything for two years is that you get a very clear picture of what you're good at and what you're not good at (and what you don't want to do!). Well, we've figured out what we're not good at. WE SUCK AT SALES!!! Not in the "selling the big picture" type of stuff...we can do that anytime. But in the day-to-day aspects of selling a product. Following up with distributors and retailers, cold-calling new prospects, sending out samples and information packets, etc. Basically, we lack the motivation/experience/energy/time to deal with all of the tasks associated with being a successful salesperson (btw, for all of you MBA types out there, Sales and Business Development, at the core, are completely different). So, knowing that we suck at sales, we're now making an effort to find the first new employee of Platinum Concepts; a Sales Manager. It's going to be tough to find, but we truly believe that a dedicated sales person will help us to not only increase sales volume but also expand distribution.
- If you really want to grow your company, you're going to have to increase the distribution of your product. We purposely kept MouseDriver distribution limited during our first year of sales because 1) we didn't want to manage a bunch of distributors, 2) we didn't want overlapping distributors competing on price (and thus lowering the retail price of MD) and 3) we wanted to make sure we knew what we were doing (i.e. get our feet wet) before selling MD en masse. Well, in order to grow, you have to increase distribution and increasing distribution means that you DEFINITELY will have some overlap between distributors, sales people, manufactures reps, etc. There are certainly ways to keep the overlap to a minimum, but even in our limited efforts, we've been put in the position where we've had to manage overlap between a few of our distributors. So, we spent most of April reassuring one of our golf distributors (whose primary account was called on by another one of our distributors) that we weren't trying to squeeze them out, that we still considered them as one of our key partners and that we would do our best to "make things right". The lesson learned: In addition to developing strong relationships with your distributors, make sure you're also managing your distributors expectations and that they are crystal clear on your long-term distribution strategy.
- It's time for us to embark on the second phase of our product marketing strategy! Over the past few months we've been designing packaging for a version of MouseDriver that will be sold in mass merchandisers such as Walmart, Target, etc. Assuming that we can actually get into any of these stores, the idea is to sell the current version of our product in a "clam shell" package (clam shell is the name for the hard plastic packaging that you see hanging on hooks at Target that is next to impossible to open with just your hands) while at the same time, introducing a new and improved MouseDriver (in different packaging) in our current channels (golf and gift stores, specialty and department stores). This way, we keep all of our channel partners happy. Our current retailers are psyched because they have a new and improved MD that they can continue to sell at \$29.95 and our new mass retailers are excited to be selling a discounted product that was one sold for \$29.95 in the

higher-end stores. Of course, actually implementing this strategy is going to require us to jump through hoops from a coordination perspective, but it will allow us to extract revenues from several different sales channels. Hopefully this strategy will work and we'll end up selling a ton of MouseDriver over the next 12 months.

What we've done

- Written the first ten chapters of our book, The MouseDriver Chronicles. It's kind of weird "writing" a book when you're really not "writing" the book. More to follow on this later...
- Developed a new logo, business cards and letterhead for Platinum Concepts (trying to reposition the company as Platinum Concepts rather than just MouseDriver).
- Developed a PCI Business Expansion Plan with an emphasis on our new product, BallTender.
- Designed, ordered and received 100 samples of our new "clam shell" packaged MouseDriver product (and this is the product that should really drive revenues for us!).

Priority Goals

- Raise money! Yeah, we know this is always a priority goal when you're a small company, but this time, we can't just float the money on our credit cards!
- Identify and hire a sales manager to help sell MouseDriver and other new products that Platinum Concepts introduces.
- Set up sales presentations with some of the mass retail merchandisers in hope of selling MouseDriver for the Holidays and in 2002.
- Finish writing the first manuscript of The MouseDriver Chronicles and convince our publisher, Perseus Books, that this book will be one of the hottest sellers of 2002.

The Stats

of stores carrying MouseDriver: 750+

of people on this distribution: 416

Publications mentioning Platinum Concepts/MouseDriver: Silicon Valley Business News (TV Show), Inc.

Magazine (letters to the editor, March and

April), Roger Gunn Golf Radio Show

of website visits for April: 9393

of website visits for March: 8700

Mood Meter: Excited, nervous and still scared shitless. Raising money and finding a sales manager are absolute musts if we're really going to have a chance at building this company out.

The MouseDriver Insider #17
July 23, 2001
Runnin' on Empty

Topics: Sales, Inventory, Supply chain, Collections, Finance, Emotions, Marketing

Lessons Learned

- Alright, the final numbers are in and Father's Day was a HUGE disappointment for us this year. In fact, we're down 50% compared to the same time last year. Now, we'd like to blame this decrease in sales on the economy and are pretty sure that reduced consumer spending probably had something to do with our dismal performance. But, we'd be making excuses and putting blame on factors external to the company. The truth of the matter is that we made a big mistake with regards to understanding how well our distributors and retailers were actually selling MouseDriver (a.k.a. "selling through"). Turns out that most of our channel partners had purchased way too many MouseDrivers during the 2000 Holiday Season and were sitting on a ton of inventory. Instead of ordering more product from us, our partners were focused on moving through all of the MD's sitting in their warehouses. The good news here: MouseDriver is still selling well to customers. The bad news: we completely forgot to take into consideration that our channel partners may have ordered too much inventory. The technical business term for this issue is called "channel stuffing" (too much product in the distribution channel) and it effects your planning, budgeting, cash flow, etc because you expect to receive orders...and cash. We'd like to refer to this issue as a "tremendous pain-in-the-ass".
- Let's talk about collections. Collections is the process of "collecting" on all the money that is owed to you by distributors, retailers, companies, etc. Last year, we were pretty lucky when it came to collecting payment on our orders, only writing off \$3k in bad debts (companies that never pay you) on \$600k in sales. This year we've already run into problems and it's coming from a very large golf distributor in which we thought we had a great working relationship. Turns out that these guys owe us \$30k (they're almost 100 days late in paying us) and there's no sign of them paying us anytime soon....which is putting us in a tremendous cash crunch. So what do we do? After many, many, many attempts to get a hold of the distributor, we had no choice but to hire a collections agency (who charges us 25% of what's collected) to help us collect on our debts. Now, you can look at the collections agency approach in two different ways; 1) it will help you collect your money, but may also help you destroy any working relationship with the company or 2) it proves to the company that you're serious about doing business and that they better think twice before screwing you over in the future. We're obviously shooting for number 2 above and hope that these guys realize that we're not just some fly-by-night company looking to have product on the shelves. It's amazing how something like this really sheds a bad light on business in general.
- Speaking of cash. We're pretty low on it! In fact, from a personal perspective, both of us are close to being out of cash. Now, this doesn't necessarily mean the company is going under. Quite the contrary. We're starting to penetrate the larger department stores and mass merchandisers (thanks to a more than willing and ambitious Insider subscriber) and we have a book coming out next year (see next paragraph). This issue here is that we won't see any of this cash (and results from the book) until Q1 of next year at the earliest. So what exactly does this mean? Well, it means that we should be in a good cash position next year and should have a ton of momentum to catapult the company to another level. But, if we don't find some way of bringing in cash over the next 6 months, the two of us will have to attempt to find salaried jobs in the worst economy that San Francisco has seen in over 10 years! The lesson learned here: if you have a single, very seasonal product, you need to make sure that you have cash in the coffers to keep you afloat during cash-tight periods...which is very tough to do when all of your cash is being used to manufacture more product.
- Let's talk about something a little more positive now. The book! We finished the final manuscript of the book (after hours and hours of writing and hard work) and submitted it to the publisher last month. We can't go into too much detail right now with regards to the book (the publisher wants us to hold off a bit before we start screaming and shouting), but we can give you a few high-level facts that we know thus far. So here goes. The title of the book is The MouseDriver Chronicles: The True-Life Adventures of First-Time Entrepreneurs. The book is scheduled to release in hardback in January 2002. We are the #1 listing in Perseus' (our publisher) Winter catalog. And, everyone who has read the book thinks it's informative, practical and downright funny...kind of like the Insider on steroids. Anyway, we're pretty excited about the book and in our most unbiased opinions, really think that the it's going to be a success (in addition to helping us bring awareness to MouseDriver, Platinum Concepts and the two of us). We've got some great marketing ideas for the book (especially from a "word of mouth"/viral and website perspective), but can't really start doing anything until later in the Fall. If anybody out there has some creative ideas on how to really get the word out there regarding the book, feel free to share them with us...we're all ears!

What we've done

- Developed an internal marketing strategy for The MouseDriver Chronicles that will support our publishers marketing plans.
- Found a "sales rep" through The MouseDriver Insider who has been extremely effective in getting our product in front of big retail buyers.
- Presented to large department store buyers and secured verbal orders (not purchase orders yet) from The May Department Stores and hopefully Dillard's and Macy's.
- Continued researching our new product idea and getting a better feel for the funding environment (or lack thereof)
- Began negotiations with large distributors in Mexico and Europe. It's amazing how much international interest there is when the US economy starts to tank. Seems like all sorts of opportunities exist overseas.

Priority Goals

- Find a way of getting our hands on some cash over the next six months. Otherwise, we might join the thousands in San Fran looking for new jobs.
- Penetrate the mass merchandising market (Wal-Mart, Target, etc) and hopefully get some orders for delivery in 2002.
- Market the hell out of the book and enlist the help of others who have been following our story over the past two years to assist us with this massive task.
- Put together a presentation for our first official business conference in San Diego in October. We've been invited to speak at the ThInc Out Loud Conference (put on by Inc. Magazine). Very cool!

The Stats

of stores carrying MouseDriver: 750+

of people on this distribution: 450

Publications mentioning Platinum Concepts/MouseDriver: Nexus (Latin American Airline Magazine), Golf Digest (they used MD in one of their US Open ads....cool!)

of website visits for June: 6167

of website visits for May: 9210

Mood Meter: Honestly, we're a little down right now. There's all this great stuff that's going to happen in about six months, but, personally, we may not be able to hold out that long. What we really need is for some HUGE break to surface over the next few weeks.....anything to bring our spirits back up.

The MouseDriver Insider #18
September 24, 2001
Back in the Saddle...Whew!

Topics: Finance, Competition, Knock-offs, Company growth, Marketing

Lessons Learned

- Remember the cash position that we were in a couple of months ago? Well, we were saved by the UK!! In addition to collecting on our outstanding debt (we still have \$10k to collect on) shortly after the last Insider, we received a couple of really significant orders from some of our UK distributors. The beauty of selling overseas for us...everything is done by wire transfer, so the cash was in our bank account within several days of the actual order. Now, we're still in a pretty tight cash position and the economy, combined with recent tragic events isn't going to change anything. But what the UK sales did do was give us enough money to hang-on until the Fall selling season and give us hope that we could continue pushing MouseDrivers and building out Platinum Concepts without the fear of having to find other sources of income. We don't know how relevant this lesson learned will be in the immediate future, but one thing we found out: When the US economy seems to be weakening somewhat, other countries seem to be more willing to purchase our product. So, in a sense, go global if you're not selling enough in the US. It worked for us...sort of.
- We're being knocked-off! Yep, after planning on getting knocked-off for so long, we found out in August that a \$60m gift distribution company is planning on selling their own version of MouseDriver to retailers. Now normally, you don't find out you've been knocked-off until you see your competitor's product on the shelves. But we were very fortunate to find out way in advance. Turns out that the American guy who heads up our manufacturing effort in China also does business with this company. In a meeting in August, a representative from the company pulled out a Brookstone MouseDriver and says "this is going to be our big product for next year." Thankfully, our manufacturing guy was loyal enough to fill us in on the future knock-off plans of MouseDriver. So what do we do here? Good question. There are a number of different ways we could respond and many different strategic angles to take. But here's what we've decided for the time being: We're going to wait and see if this company actually knocks us off before making our next serious move. In the meantime though, we are having our lawyers draft and send a letter to the company basically saying that we've heard they're knocking us off, that they should cease and desist all knock-off efforts of our product and if they don't, really, really bad legal things will happen. This should be a fun one to watch.
- And what about our new product? We're starting to gain momentum for our golf ball locator idea. Turns out that the technology that we're looking at developing for this product can be used in a bunch of other applications and industries as well. We've officially kicked-off our fundraising process and have spent most of the last month meeting with private investors, venture-capitalists, potential advisors, etc. Everybody is intrigued, but most of them keep bringing up the same two questions. Will you own the technology (i.e. through patents or exclusive licensing) and how big are the potential markets for this technology (golf and non-golf related markets). We realize that we might be on to something here, but truth be known, we're still working on the technology question above. We're hoping to have more solid answers within the next month, but the bottom line is that if we can't "protect" the technology, we really don't have much of a case for raising money. We're giving ourselves until the end of the year to figure out everything and raise money. If it turns out that this idea has to be shelved, our book tour next year might turn into a personal plea for people to give us salaried jobs!
- Speaking of a book tour, this whole "book" thing is starting to get kind of exciting. Knowing that we are going to have a book on shelves in January, 2002 is not only somewhat surreal, we find it downright comical. But apparently, everybody seems to think that we've got a great story to tell and we're certainly not going to argue. From a marketing perspective, the book will be pretty cool. We're tentatively scheduled to go on a five city media tour (beginning next year) and Perseus is planning on marketing the book on airport billboards and in major business publications such as The Wall Street Journal, Fast Company and even The New Yorker. Now, all of this is very tentative and depends on how well the book actually does when it's officially released, but we're hoping that all of this marketing not only helps to sell the book, but also helps to sell more MouseDrivers. We'll give all of you the real skinny on what's going on (i.e. sales expectations, initial feedback, etc.) in the next Insider and will probably ask your help in letting others know about the book as well. Again, our biggest fear with the book: It comes out, it gets terrible reviews, people absolutely hate it and we end up looking like a couple of huge jackasses. Not likely, we know, but still possible.

What we've done

- Started to reposition Platinum Concepts as a technology consumer products company rather than just the manufacturer of MouseDriver. So, we've got new business cards.
- Sold MD's to most of the department stores under the May Company umbrella (we are praying that these guys actually pay us).
- Began talks with a major book publisher in the UK who wants to obtain the publishing rights to sell the book in all the commonwealth countries (England, Scotland, Australia, Ireland, etc.)
- Refined our "pitch" and executive summary for our new product and met with a number of VC's, private investors and advisors.

Priority Goals

- Develop a viral marketing campaign around the book that will help to increase sales once it's released in January.
- Start to approach buyers in Q4 of this year in hopes that they will purchase large quantities of MouseDrivers for Q1 and Q2 on next year.
- Determine within the next three months whether we will continue to build-out Platinum Concepts or seek other avenues of entrepreneurial excitement.
- Pay-off the majority of our company owned debt associated with our personal accounts so that we never have to go through the "margin-calling" process again. Last week's plummeting Dow was certainly a wake up call.

The Stats

of stores carrying MouseDriver: 1000+

of people on this distribution: 462

Publications mentioning Platinum Concepts/MouseDriver: The Wall Street Journal Online, Continental Airlines, Publisher's Weekly, The Hollywood Insider

of website visits for August: 4911

of website visits for July: 4277

Mood Meter: Our mood goes beyond general "business" issues this time. It's interesting how something so tragic can put a little perspective on what's really important in life. A little Styx below best describes our mood.

"I'm sailing away, set an open course for the virgin sea
 I've got to be free, free to face the life that's ahead of me
 On board, I'm the captain, so climb aboard
 We'll search for tomorrow on every shore
 And I'll try, oh Lord, I'll try to carry on"
 ("Come Sail Away", Grand Illusion album)

The MouseDriver Insider #19
November 13, 2001
It's Getting Exciting!

Topics: *Marketing, Evangelism, Strategy, Sales, Collections, Inventory*

Lessons Learned

- We'd be doing ourselves a terrible injustice by not self-promoting the book a little more in this Insider, so here goes. This thing is going to be BIG! Well, actually, we really have no idea how big it's going to be, but intuition tells us that the book is going to do pretty well. If it does poorly, it definitely won't be from lack of effort. We've been putting in 80-100 hour weeks over the past month or so developing a marketing plan for the book, coordinating stuff with the publisher, solidifying schedules and basically ramping up for the release in January. To tell you the truth, it's been pretty damn exciting...and the recent reviews that we've received have only helped to fuel this excitement. According to Kirkus Reviews, we "share copious amounts of information with generosity, humor, and All-American spirit" and the book is "a must-have for those in the business of business". Not too bad for a couple of dudes hocking computer mice out of their kitchen.
- Before we get too caught up in the book, let's revisit our original marketing strategy once again. Remember, the strategy has always been to tie a "story" around the product (The story being why would these two Wharton MBA's bypass all the great opportunities of 1999 to bootstrap a novelty computer mouse company out of their apartment?). We felt that if we gave people an emotional tie to MouseDriver, we would give them another reason to purchase besides the fact that it was an ultra-cool novelty golf gift item. Think about Coca-Cola. Whenever you see that one hour special on the history of Coke, it kind of makes you feel like going out and buying a Coke, whether you like the drink or not. That's what we were kinda after. So, given that the book is the "story", it plays right into our original strategy. We're really hoping that the book helps to drastically increase sales of MouseDriver. That's the whole point, right? You develop your strategy, you patiently execute and you pray that you chose the right strategy. If sales don't increase because of the book, well, at least we tried and hopefully learned what went wrong. At least we get a book out of it!
- Let's talk about irony. This whole time, we've been waiting and waiting to get into the department stores and the mass merchandisers. Well, now we're there and it's an enormous headache! Here's the deal; once again we have no leverage with the big retailers. Just because they buy, let's say 15,000 MouseDrivers, doesn't mean that we'll actually ever get paid for that amount. The sales process works something like this. Somebody like Lord & Taylor gives us a purchase order. We honor the purchase order and ship L&T product. L&T receives the product, but the label on one of the boxes is supposedly off-white instead of gray. So we get a notice from L&T saying that they are going to charge us \$150 b/c our label was the wrong color. Now it's up to us to prove to L&T that the label was actually the right color and that the chargeback was unjustified. In the meantime, L&T just sits on our invoice until they've sold through all of their MouseDrivers. If they don't sell all the MouseDrivers, they either 1) send them back to us (with a check for what they sold minus the \$150 chargeback) or 2) they discount the price, sell their inventory and then pay us (what they owe us minus the \$150 chargeback and whatever amount that they had to discount). It 's brutal, frustrating, time-consuming and extremely labor intensive. And expensive...especially if they charge you back so much that you end up owing the department stores money! It makes you really appreciate distributors and all of the warehouse folks who have to deal with this on a daily basis. We only hope that we end up collecting on all of our department store accounts.
- We're getting absolutely crushed by our inventory holding costs. In business school, we always knew about holding costs, but it was never really a "visible" expense. Now that expense is crystal clear and it sucks! Think about it. Our product really just ships a few months out of the year. The month leading up to Father's Day and the two months leading up to Christmas. During the other months, we're just taking up space and selling onesey's and twosey's here and there. But, because our warehouse and fulfillment center in Reno doesn't like to have little guys like us around, they decided to levy a \$1500 minimum monthly fee. So even if we don't ship a single unit during the month of January, we get hit with a \$1500 charge. That's \$18,000/yr in minimum warehouse fees! And that doesn't even include the labor expense that is incurred during the several months in which MouseDrivers are shipped. Needless to say, we're trying to alleviate this inventory holding cost issue and are searching for other companies out there. We're also hoping that in 2002, most of our inventory investments are made based on purchase orders that we receive beforehand. That way, we just drop ship product in our customers warehouse and they incur all of the holding costs. We'll see what happens.

What we've done

- Sold the UK and Commonwealth country book rights to Simon & Schuster. They will be releasing the book next Summer.
- Spoke at the Inc. Magazine Think Out Loud Conference and a Glasshouse dinner event (Glasshouse is a UK based entrepreneurial organization...pretty cool).
- Solidified all of the viral marketing plans for the book and met with Perseus to coordinate schedules and gain a better understanding of what to expect in January.
- Sold a MouseDriver clamshell bundled package to a couple of retailers for them to test during the Holidays. If it goes well, we hope that they'll order a ton of product in 2002.

Priority Goals

- Continue to approach mass merchandising buyers in hopes of blowing out MouseDriver in 2002. The book should help in bringing awareness to the product.
- Continue to try and figure out what we're going to do moving forward. Do we build-out the company, go into consulting, take "real" jobs, start something else, etc? Big decision here.
- Make sure that we do all that we can to market and promote the book and convince people that it's not only educational, but also motivating and inspiring.
- Collect on the majority of our accounts receivable from the department stores, pay off all the company debt and try to figure out what to do about our next inventory investment.

The Stats

of stores carrying MouseDriver: 1000+

of people on this distribution: 501

Publications mentioning Platinum Concepts/MouseDriver: Kirkus Reviews, Hispanic Magazine, The Manage Mentor

of website visits for October: 4610

of website visits for September: 5320

Mood Meter: Your 8 years old, it's the night before Christmas, it's snowing outside and cookies and milk are sitting next to the fire place to welcome Santa Claus. You know that feeling of excitement, sleeplessness and the whole "I can't wait" attitude that you had...that's how we feel. If you don't celebrate Christmas, substitute another holiday, or your first date, or a big game...you get the picture.

The MouseDriver Insider #20
January 18, 2002
We're Still Here

Topics: *Sales, Competition, Knock-offs, Marketing, Evangelism, Emotions*

Lessons Learned

- Well, the holiday numbers have finally come in and they were marginal, at best. I think our biggest beef here is not necessarily the actual numbers (we weren't expecting a stellar holiday season) but in the way that the department stores (aka "the big boys") treated us. Now, after speaking to a number of people who have dealt with the big boys before, we knew that selling to the likes of May Company was probably going to be a somewhat frustrating experience. But damn, we never expected that dealing with the big boys was going to be this much of a hassle. Thank goodness our sales rep has been able to negotiate on our behalf, otherwise, we could have been looking at a dismal end to 2001. Here's the bottom line: The big boys ultimately have all the power because they're the ones who interact with the consumer. Because they have this power, they can set up a relationship with a small manufacturer such as ourselves that guarantees that they never incur any risk whatsoever. If they don't sell your product, they'll eventually (we're still trying to collect) pay you for what they sold and then send the rest of it back. It's the risk-free way of selling on consignment. Was it worth it? Absolutely. No question. We have the experience now, we saw how MouseDriver did in the department stores and we did make some money off of May. But there is a lesson learned here: If you're a small company and you have the opportunity to sell to the big boys, make sure that you have enough cash on hand to deal with returns, chargebacks and missed projections. The last thing you want to happen is to end up losing money on the deal.
- We've officially been knocked-off! Seriously. Kyle actually ordered the knock-off product on the web. Now at first, we were a little pissed off, but after awhile, the whole thing felt kind of cool. I mean, here's a 50-year-old, multi-million dollar company copying your idea and bringing it to market themselves. Imitation is flattery, right? So what do we do here? Well, let's preface all of this by saying that the knock-off product is essentially the same as MouseDriver. There's absolutely no improvement (which is odd since you would think that the company knocking us off would have tried to make improvements to the product) and the packaging, albeit very nicely done, is bulky and positions their product as a shelf item rather than a counter-top impulse buy. Maybe they know something we don't. Anyway, we're still in the wait and see mode. We're pretty sure we could go after them from a legal perspective, but is it really worth it? If we thought that dealing with the big boys was frustrating and expensive, dealing with a big company in a court of law would be about as much fun as us doing your taxes. We're still trying to figure this one out, but in the meantime, John sent the COO of the company a signed copy of the book along with a personal note highlighting our experiences, the book and the book/media tour that we're about to go on. You think the COO will notice the original patent drawing of MouseDriver on the book cover?
- In case you've missed the barrage of "book" emails that we've sent out over the past couple of months, we'll let you know one more time. Our book, *The MouseDriver Chronicles* is now officially published! You can walk into any major bookstore, online and offline, and find it. Are we excited? Yes. Are we a little nervous? Of course. Despite all of the great advance reviews, etc., we're still basically putting the last 2.5 years of our lives on shelves for everybody to read about. Some people have told us that we have a lot of courage, that we're risk-takers for putting a book out there, that the criticism (if any J) might be hard to take. Yeah, we realize all of this. But you know, we've been sharing our experiences, our mistakes, our emotions and our triumphs from day one and that has been the most rewarding part of this whole gig. Why stop now? As long as the story continues and the experiences are meaningful, we'll continue to share them with anybody who's interested. And hopefully, hopefully, hopefully, people who read the book will appreciate the insights and the honesty.
- Speaking of the book, we do have one really big fear. And this is a fear that, unfortunately, we can't really do a whole lot to quell. There is a good chance that the awareness that the book brings to MouseDriver is fairly substantial. If there is ever a time that MouseDriver is going to be known on a national (and even international) scale, it's going to be over the next few months. And that's great. Phenomenal even. And, if we're lucky, the MouseDriver awareness will lead to a huge increase in MouseDriver sales. But, if there is a huge increase in MouseDriver demand within the next few months, the chances of us having any inventory to fulfill this demand are going to be pretty slim. We know what you're saying, "why not just invest in a bunch of inventory now so that you have it on hand in case demand increases?" Well, we've played that game before in the past and we've ended up over-investing in inventory. Despite the great publicity that MouseDriver might receive, we're just not willing to risk another large inventory investment at this time...not one that will act only as buffer

inventory at least. We're sticking to our strategy and that strategy is to focus on landing volume sales with the large mass-merchandisers and discounters. Bottom line: We're not investing in more inventory unless we have a purchase order in hand. So what's the fear? That we were patient, stayed the course and executed our strategy only to find that, because of timing, we miss the one really big chance to sell a ton of MouseDrivers.

What we've done

- Found a much cheaper warehouse and fulfillment center in Los Angeles.
- Wrote a by-lined article for BookSense...search for it on www.booksense.com.
- Spoke with some individuals who are interested in purchasing the rights to sell MouseDriver through their mass distribution channels (i.e. they want to purchase the company).
- Did a book interview with Sky Radio, the in-flight radio magazine that can be heard on United and American Airlines. If you fly either of those airlines, let us know if you hear the interview.
- Updated the website with all of the book information, reviews, photos, book tour details, etc.

Priority Goals

- Erase the very little bit of company debt that exists within the next month.
- Rest and relax so that we'll be fully prepared for the book/media tour that's going to take place over the next five weeks or so.
- Figure out how we're going to take advantage of all of this great publicity. Again, and we've said this before, we have to find a way of capitalizing on all of this great stuff.
- Utilize the increased MouseDriver awareness to close a large volume sale with one of the mass merchandisers that we're currently speaking with...cross your fingers.
- Take a long vacation where we have absolutely no responsibilities!

The Stats

of stores carrying MouseDriver: 700+

of people on this distribution: 475

Publications mentioning Platinum Concepts/MouseDriver/TMC: Publishers Weekly, Booklist, Library Journal, The LA Times, Vancouver Business Journal, Amazon.com, Smoke Magazine, American Way Magazine

of website visits for December: 5562

of website visits for November: 6830

Mood Meter: Man, describing our mood right now is tough. We've got so many thoughts going through our mind that there's really no description for the amalgam of feelings that we're both experiencing. The economy sucks, the instability of entrepreneurship is starting to wear on us and this whole "work out of your apartment" gig is getting really, really old. But...never in our lives has either one of us been this excited about the potential opportunities and experiences that lie ahead.

The MouseDriver Insider #21
March 18, 2002
The Next Big Thing?

Topics: Company sale, Company growth, Marketing, Evangelism, Strategy

Lessons Learned

- We're selling MouseDriver!! That's right. We've retained the services of an investment banker and have begun the process of searching for potential acquirers of our MouseDriver assets. Now, for those of you who read the book, this shouldn't come as a surprise. Our strategy all along has been to get MouseDriver up and running and then sell it to a larger company looking to expand their product line (aka "An Exit Strategy"). The way we see it, the timing of this sale couldn't be any better. MouseDriver has plenty of life in it, especially given that we were only able to penetrate about 30% of our target distribution market. The book is helping to bring a ton of awareness, is helping to "brand" the product and will lead to mass exposure in all of the UK and Commonwealth countries once the book is released overseas in September. So, plenty of both domestic and international opportunities exist for MouseDriver. And, quite honestly, we're ready to move on to bigger and better entrepreneurial things. We've learned a ton from bringing MouseDriver to market and now it's time to apply all of those lessons learned and embark on new challenges...whatever they may be. In the meantime, we'll continue to update you on the process and progress of selling a company. This should be a great learning experience for all of us.
- So, what are we doing now? First of all, we're still focused on selling MouseDrivers. We have a tangible product that customers still want and we want to continue extracting revenue until the sale is complete. Second, we're ready to take this entrepreneurial ride all over again! After working and living together for almost five years (in the same apartment), the two of us realize that our ability to work together is a pretty remarkable asset and that we make a great core team. The simple fact that we want to continue working together on the next entrepreneurial gig is a very true display of our trust and confidence in one another. However, we both agree that the next venture will need to have a much larger market potential than MouseDriver and will need to have much more intrinsic value than a novelty computer mouse. We haven't found that next idea yet, at least one that we're very passionate about and can see ourselves dedicating the next 5-10 years of our lives to...but we're looking. And we'll continue to network with as many people as possible in hopes of finding the next "big thing". In the meantime, we're utilizing our knowledge, insights and network to help other aspiring entrepreneurs get their companies off the ground. As of 3/1/02, we started offering Advisory Consulting Services to entrepreneurs. The way we see it, we can provide immense value to those who are fully committed to following their entrepreneurial passions. We only wish that we had somebody like us around when we first started!
- We have successfully completed our first (and most likely last) official book tour. Six cities, 25 interviews and 10 presentations/booksignings later, we're back in San Francisco trying to get back into the swing of running a single product company. For those of you who weren't able to make it to any of the events, you missed quite a show. Actually, you really just missed the two of us reading passages from our own book, talking about why we thought the passages were significant, answering a ton of questions from the audience and autographing books. A cool experience. It may sound like fun and games, but the book/media tour was actually pretty damn exhausting. In addition to doing a number of interviews and presentations, we had to constantly answer the same questions over and over again and be prepared to answer totally random questions. At times, it was frustrating, exhilarating, annoying, and exciting...all at the same time. The most tiring aspect of the media tour was that we always had to be "on". That is, we had to be constantly prepared to answer anything and everything without looking like complete jackasses. Our primary lessons learned: 1) Always have three messages that you want to get across when you're doing an interview. Most likely, you'll never get to all three messages, so always focus on mentioning one key message. 2) Never show up to a live 6am interview with no sleep and and/or a hangover. You'll get absolutely crushed!
- We're going to substantially modify the website over the next month or so. It'll still be the "MouseDriver" website, and visitors will still be able to gather more information on the product, but it's definitely going to have some noticeable differences. Given that MouseDriver has become a metaphor for entrepreneurship we've decided to give www.mousedriver.com more of an entrepreneurial community look and feel. On the home page we'll have a tab for MouseDriver, a tab for The MouseDriver Chronicles, a tab for The MouseDriver Insider (we're actually looking into the possibilities of binding all of the Insiders to date), and most importantly, a tab to our entrepreneurial discussion board. Most of you will recall that our last attempt at a discussion board was a huge success. But once we lost all the data within the board due to a technical glitch last Summer we were too lazy to put it back up. Well, it's time to make the effort and get the thing up and running again.

The way we see it, why limit the knowledge and insights of our network of entrepreneurs, investors, professors, students, etc. to just ourselves....might as well open up all of this great information to anybody who is interested. So, when you get a chance, go register at <http://www.mousedriver.com/forum> and let's see if we can get this board going.

What we've done

- Put together a company tear sheet and a list of potential buyers of MouseDriver
- Networked with a number of VC's, angel investors, authors and entrepreneurs in the Bay Area
- Completed a six city media tour that included, 15 radio interviews, 2 television interviews, 10 presentations/booksignings and 8 print publication interviews.
- Spoke to 30 different entrepreneurs about their companies and/or ideas
- Kyle got engaged in Sedona on March 9th, 2002 to his fiancé, Angie.

Priority Goals

- Continue developing new sales channels for our MouseDriver product
- Prepare for the sale of our MouseDriver assets
- Continue marketing our Advisory Consulting Services and the incredible value that we can bring to aspiring entrepreneurs
- Network with as many people as possible and let them know that, as a team, we're ready for another entrepreneurial ride.
- Make sure that The MouseDriver Chronicles becomes required reading in at least 50 universities across the country!

The Stats

of stores carrying MouseDriver: 700+

of people on this distribution: 570

Publications mentioning Platinum Concepts/MouseDriver/The Chronicles: Too many. Just go to www.mousedriver.com/book to see the latest, including USA Today and Business Week

of website visits for February: 6912

of website visits for January: 6753

Mood Meter: OK, try to follow us on this one: Take yourselves back to college for a second. You're in your favorite bar (or party or whatever you did for fun in school) with all of your buddies havin' a good time. You look at your watch and it reads 1:45am. All of a sudden, you're totally bummed because you know the bar will close at 2am, but you're not quite ready to call it a night. You want the evening to continue going and going because you're having so much fun. Well, that's how we feel about MouseDriver. We see the MouseDriver experience coming to an end, but damned if we're ready for this entrepreneurial adventure to end!! Guess we'll just need to find an after hours joint!

The MouseDriver Insider #22
May 28, 2002
Defining Moments

Topics: *Company sale, Inventory, Sales, Company growth, Marketing, Evangelism, Branding*

Lessons Learned

- OK, so it's very clear that selling a company (or the assets of a company) doesn't just happen overnight. We basically knew that going into this process, but now we are keenly aware that, as in starting a company, selling a company requires a ton of patience. And it's not like we're just sitting around and waiting for things to happen. With the help of our independent banker we've developed a substantial list of potential acquirers, put together a one page 'tear-sheet' highlighting the key points of the company/product, spent countless hours organizing due diligence documents and financial statements (any company that is remotely interested is going to ask for this sort of stuff) and actually contacted a vast majority of the companies on our target list. We're getting some decent interest, but like all ambitious entrepreneurs, we want more. So, if anybody out there knows of any companies or individuals who would like to purchase a cool product with proven sales, room for growth and about as much awareness as you can possibly obtain, feel free to contact us. By the way, a huge lesson that we're learning regarding selling the company: Just because we're selling doesn't mean that we can slack off. We've got to stay focused, , identify goals and continue building out MouseDriver distribution channels as if we're going to be doing this for awhile. The last thing we want to have happen is a potential buyer passing on us because we were lazy and let sales dwindle down to nothing.
- Speaking of sales, we've decided to change our inventory investment strategy somewhat. Given that we're trying to reduce the risks of ordering a bunch of MouseDrivers and not being able to sell them, we've decided that all of our inventory production runs out of China will be demand-driven. That is, we won't be paying for new MouseDrivers unless we know that we can sell them once they've safely made it to our warehouse in Southern California. In the past, we've forecasted how many MouseDrivers we think we could sell, invested cold-hard cash in inventory, housed MouseDrivers in our warehouse (where we incur holding costs) and then attempted to sell. Now, we're going to attempt to get actual orders before we invest in inventory...well, at least enough to warrant another inventory investment.. Because we'll be running orders directly out of China, we'll be able to offer our channel partners (suppliers, distributors, retailers and ultimately, consumers) better pricing as our costs will be lower. By giving our partners better pricing, we hope to further build out our distribution channels both in the States and in other countries. In a nutshell, we're really going to try and blow this thing out. We know, we've said this before, but we've learned some things over the past year or so and think that we might have it figured out now.
- So back to the most popular question that we've been getting from all of you: "What else are y'all doing?" Honestly, we're all over the board right now. Seriously. It seems as if we've got our hands in a bunch of different things. We're continuing to sell MouseDriver while trying to sell the company, we're consulting for a few clients, dealing with book stuff (the book is the #1 listing in Simon & Schusters Fall UK Catalog by the way), trying to pitch the movie/tv rights to studios (can anybody see this as a TV Sitcom?), putting together a business case for our own radio show, motivating aspiring entrepreneurs to just 'do it', speaking to university classes and entrepreneurial groups, performing interviews for media publications, meeting with VC's, private investors and private equity groups (trying to see if there are ways for us to work together), making a ton of introductions to people in our business network, attempting to deal with the company knocking-us off, responding to all of the great comments that we've received from people regarding the book and still looking for that next 'big thing'. Basically, we have no focus right now. And while all of this stuff is very cool, exciting and fun, it's EXTREMELY hard to stay committed and do a good job when you're dabbling in a bunch of different things. We really, really, really need to find one thing that we can dedicate the majority of our time to, otherwise, we'll end up going nowhere and John will continue to work out of his apartment bedroom. Finding this focus is one incredible CHALLENGE and is a great example of where a very seasoned, experienced entrepreneur who's been through this type of thing before would be of great benefit to us. Any takers? :-)
- Alright, one of the coolest things about being published authors is responding to and meeting with all of the interesting folks who have read about our story. We probably receive 15-20 emails a week from readers who have read The MouseDriver Chronicles and are now more inspired and motivated than ever to follow their dreams and bring their ideas to fruition. We've also spoken with a number of entrepreneurs who have gotten to a certain point with their idea and then decided that it was time for somebody else to take the reigns...so to speak. While these entrepreneurs are still very passionate about their ideas, they have come to the conclusion (for a number of different reasons including personal and financial), that somebody else is better suited to execute. Here's the interesting part:

These entrepreneurs are asking us if we know anyone who would be interested in taking on their 'project'. And it got us thinking..."Hey, maybe there's a way that we can help match idea people (actually, the ideas we are seeing are well beyond idea phase. In most cases, prototypes/product already exists) with aspiring entrepreneurs who would love the opportunity and challenge of bringing a new product/idea to market." So...if you or anybody else you know is interested in bringing a new product to market, feel free to let us know. You can't beat the experience.

What we've done

- Attended our first book club meeting in which the members of the club (about 20 women!) read and then discussed our book. Very cool.
- Began pitching the idea of turning the MouseDriver story into a TV sitcom of sorts to talent agencies and studios.
- Videoconferenced with students and professors from The University of St. Louis and George Washington University.
- Tried to work out a licensing deal with the company knocking us off. They weren't really open to the idea...whatever.
- Received our first book royalty check a few weeks back. Yeehaa!
- Sold MouseDrivers to distributors in both Denmark and Spain.

Priority Goals

- Steady income. Steady income. Steady income. Steady income. Steady income. Etc., Etc.
- Solidify a "Chinese Menu" of sorts for the consulting side of our business. We're just now realizing that people will actually pay for all of our knowledge, our network, etc.
- Begin the process of publishing The MouseDriver Insider newsletters so that readers, especially students, professors and entrepreneurs will have a nice complement to the book.
- Prioritize what opportunities we want to focus on and make sure that we don't get pulled in too many directions.
- Figure out how we can best capitalize on our knowledge and business network

The Stats

of people on this distribution: 640

of books sold to date: Approx. 15,000

of Universities/Schools reading the book: 18

of authors met: 5 (Ron Rubin, Jamie Clarke, Jay Conrad Levinson, Tim Sanders, Suzanne Woo)

The media hits: Too many. Just go to www.mousedriver.com/book to see the latest, including Inside Business and California CEO

Mood Meter: We're not going to bullshit you on this one. We're really having problems figuring out what to do next and it's kind of bringing us down. We know we have great experience, we know we want to move forward together on something, we know that we're in a very unique position with regards to all of this awareness, etc. But damn, we're having one helluva time trying to figure out how to take all of this to the next level. A part of us keeps saying "Just hang on and something will surface". However, it's not like we can just kick-back and wait. We're kind of frustrated right now and are really hoping to get as much advice and insights as possible over the next month or so. We're still very excited...just a little anxious.

The MouseDriver Insider #23
August 8, 2002
One Helluva Ride!

Topics: *Strategy, Evangelism, Branding, Marketing, Emotions*

Lessons Learned

- Well, after a couple of months of some serious self-reflecting, the two of us have finally made the decision to 'officially' search for new job opportunities. That's right, we're movin' on! Now, before the depression kicks in for some of ya, let's go over a couple of points. First, we never intended to build a sustainable company. When we sat down to create the business plan for this thing, it wasn't to build out the next Sony or the next Logitech. Our vision was simply to bring a new product idea to market, sell as many as we could over an 18-24 month period, bank our millions and then move on. Hell, even calling Platinum Concepts, Inc. a company is a reach. It's more of a project. (Most of you know by now that we were a little naïve in our time frame and financial projections). Second, just because we're looking at other opportunities doesn't mean the company goes way. Quite the contrary. We're still selling MouseDrivers, we're still building out distribution channels and we're still trying to find somebody to buy all of the MouseDriver assets. It's just that the majority of our time will be spent looking at our next individual career moves. To get a better idea of what each of us is looking for and what we've been able to accomplish over the past few years, just check out the links below and let us know your thoughts!

John (www.mousedriver.com/aboutjl.htm) Kyle (www.mousedriver.com/aboutkh.htm)

- So where does all of this leave the Insider? As we've said to many of you, we'll continue to write the Insider as long as we feel like we have information and insights and as long as people want to hear them. Who knows, maybe one of us will become a US President and everyone will finally get realistic accounts of what it's like to work in the oval office. The bottom line: the Insider will live on....just have to figure out what adventure it's going to cover next. In the meantime, the two of us have decided to focus the next few MouseDriver Insiders on the 'real' lessons that we've learned during this entrepreneurial adventure. Now that we've had some time to look back and reflect, it's really easy for us to pinpoint what we think are very key insights for anybody looking to start their own company. We don't have all the answers by any stretch of the imagination, but we certainly understand what we did right, what we did wrong, what we could have done better, what the emotional roller coaster is like and what kept us going over the past 36 months. What we're going to do is package all of these insights into the next few Insiders and leave all of you with a very nice close to the MouseDriver chapter. Hopefully (praying), we'll be able to invite you to join a new chapter of Insiders in the very near future (as in ASAP!).
- In case you haven't figured it out, the MouseDriver story has actually become bigger than the MouseDriver product. What started out as a simple marketing strategy to tie a story (and an emotion) around our product has led to an incredible amount of press, a cover story, book deals, potential Hollywood opportunities, a phenomenal network of entrepreneurs, professors, students, etc. and who knows what else. We're not too sure exactly what the 'story' did for us from a sales perspective...way too hard to measure...but we're pretty confident that it helped. But damn, can you imagine what sales would have been like if we were able to build out all of our distribution channels as the story was getting big. Timing is critical, right?. Anyway, because the story is now bigger than the product, we're seeing more people associating MouseDriver with the thrilling ride of entrepreneurship rather than a novelty computer mouse that looks like a driver golf club. Which is fine by us...just means that we need to do what we can to continue promoting MouseDriver as a metaphor for entrepreneurship and to continue motivating and inspiring others to live the entrepreneurial experience. Things are going well thus far. As of Monday, August 5th, 32 professors around the world are using the Insiders and/or the MouseDriver Chronicles as an educational tool in the classroom. Now that is cool!
- So what are we doing to promote our experiences and continue building out the 'brand' that MouseDriver has come to represent? Right now, we're focused on the website. . We've totally modified the website and made it less product-centric and more community based. The idea here is to promote the fact that MouseDriver has become a metaphor for the entrepreneurial experience and to inspire and motivate others to take the entrepreneurial plunge. While the site still needs a ton of work (keeping it simple right now until we figure out what to add), we've managed to succeed in driving some traffic to the discussion board. Now that we have some traction on that thing, we're going to spend a little bit more time making sure that the board is providing tons of value to visitors. That means adding moderators, changing/adding topics to reflect the needs of visitors, dedicating sections of the board to certain groups (i.e. students and professors) and basically taking a more proactive role in generating discussion. As the board continues to gain in popularity, we'll start

adding other things to the site...a resource section, an area to attach standard documents such as NDA's, sales rep agreements, etc, a chat room, etc. The vision is that this site become THE place for entrepreneurs to ask questions, share ideas and discuss their experiences. We'll see....

What we've done

- Redesigned the website to reflect more of the entrepreneurial experience that MouseDriver has come to stand for. Let us know if you have any suggestions.
- Contacted a bunch of ASI distributors and retail distributors in an effort to get them to pre-pay for large inventory investments. The jury is still out on this one.
- Spoke with a talent agency in Hollywood about the possibilities of putting together a talk show focused on entrepreneurship. We give this as good of a chance as seeing the MouseDriver TV Sitcom on the air next fall!
- Started to streamline basic operational stuff in order to cut down expenses.

Priority Goals

- Sell the company assets and return as much money as possible to our investors. This is, by far, our biggest goal.
- Put all of the Insiders in a very easy-to-read format so that anybody can download one document off of the website and check them out.
- Find out through discussions with professors and students how our story is being used in the classroom.
- Find jobs and start the next 'adventure'!

The Stats

- # of people on this distribution: 690
- # of books sold to date: Approx. 15,000 (same number as last time....there were some returns)
- # of Universities/Schools reading the book: 32
- # of authors met: 1 (Tom McMakin...."Bread and Butter")
- The media hits: Too many. Just go to www.mousedriver.com to see the latest, including Inside Business Week and The Dallas Morning News.

Mood Meter: We're stoked! There's a certain freedom associated with committing to a decision and knowing that you're moving on with the next phase of your life. We've had a phenomenal experience, one helluva ride and the opportunity to accomplish some really great things. But it's time to move on, to leave this chapter behind us and to look for the next life adventure. After all, isn't life all about experiences? When we're 80 and playing dominoes in some retirement home, at least we know we'll be able to talk about those crazy three years in our late 20's/early 30's when we decided to go against the grain and bring a novelty computer mouse to market. Sure beats the hell out wondering 'what if' and talking about all of those great corporate retreats! ☺

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