

Toy Industry Newsletter

AUGUST 2011



I. Jobs Available

VP of Brand Development

A well-established company is looking for an Über creative individual, strong in marketing, who will shape the product direction for years to come. You will be the "**Brand Strategist**" for the company and report directly to the progressive CEO/Chairman.

This is a \$100MM company with a divergent product mix as they service baby to toddler and tween to teen; they are successful in creative play toys as well as technology toys. Since this company is more than toys you should have a broader-based background than just toys. This company is pioneering toy concepts for the iPhone/iPad so experience with electronics in some form is essential. The company has a staff of software developers ready to take your direction of the product mix (or powerhouse of an idea) and make it happen! *App-cessories* (an item that is part smart-phone "app" and part physical accessory) are the future and you will determine which direction this company should go.

Salary for the traditional toy candidate with some electronics exp. is \$125,000 - \$150,000. Salary for the electronics candidate with some toy exp. is \$150,000 - \$200,000. Note the difference. Position is located in the Boston metro area and the company will provide relocation assistance. Company provided medical benefits are in the 99th percentile of best companies.

Retail Supply Chain Director

You'll be responsible for creating and driving strategies for DTC, digital and Brick and Mortar fulfillment. You will be expected to provide business process expertise. You should have a Bachelors Degree in Supply Chain, Logistics, Business or a related field Minimum of 10 years' progressively responsible experience in Retail Supply Chain Operations or a closely related field. This **Fortune 200 company** is one of the **100 best companies to work for in America**. Base salary is up to \$130,000 + bonus. Located on the **West Coast** with company **relocation assistance provided**.

Product Oversight Manager/Production Expert/Plastic Connoisseur

One word..."*plastics*". You might recall the advice given to Dustin Hoffman in 1967's *The Graduate*? Well it is as important then as it is now. An award-winning toy mfg'r needs a plastics connoisseur; someone who knows all aspects of plastic manufacturing processes and who can shepherd the product development process from beginning to end, pull the product out of China and do so efficiently, with no errors or mistakes and on time. You must be detail-oriented, a perfectionist who excels at working numerous projects at once. In this fast-paced environment you are personally accountable as you are the person who will supply the product to the shelves where (thanks to everyone else) it is flying off those shelves. **East Coast** location and **\$125,000 plus full medical benefits** awaits the persnickety person who can properly present their plastic abilities for this juggernaut of a company.

[Please email David](#) if you or someone you know might be appropriate for any position.

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II. Ask Dave

Dear Dave: I just wrote the biggest order in my company's history and have literally saved the company. However, I now feel very unmotivated to work. What can I do now that I *bagged an elephant* (made a huge sale) - how do I get my motivation back quickly? Also, we want to celebrate the news, how do you properly celebrate like a pro-athlete or famous movie star?



Dave Says: The loss of one's motivation is rarely discussed in management circles. Chances are this massive sale was an emotional event for you and the company. Clearly jobs were riding on the sale and your success has made you "King for a Day". But the day is passed and now what? Now is the time to take some personal days, perhaps wrap a few days off around a weekend and do something that allows you NOT to think about work. When your mind is clear get back to work and make an appointment. The best way to get your juices flowing and regain your motivation is to pick up the phone and start the process over again. Don't worry about hitting another *home run*, go out and hit a solid *single* or *double* but get back in to the game.

To your second question, I hear that the athletes and movie stars like to celebrate by buying (overpriced) champagne in clubs, popping the corks and then pouring the champagne out onto the floor. No one drinks it, rather it is a statement of raw materialism that states "*I have so much money and have achieved so much I can let champagne flow like water*". My advice is to go to Office Max and buy a case of White Out. Open a few bottles and pour that correction fluid all over the floor; or at least in a waste basket. You will feel powerful and rich. Now stop asking silly questions and get back to work!

III. The future of computing technology and the internet will surprise you – David E. Fitzgibbons

NO more PC's

PC's will be a thing of the past. I would posit that 80% of people have no use for a personal computer and that a tablet computer (think iPad) can perform all of the functions necessary for them, including email, Internet browsing and simple word processing. Mobile phones and tablets will be the dominant way to access the Internet as is the case with 3 billion people outside the US who don't access the internet with a PC. Due to the ergonomics (or lack thereof) of mobile phones and tablets one should expect a bevy of dumb terminals (credit Tom D. For the term) where a person can plug in their mobile phone and access the internet. Personal and financial information will be encrypted on your mobile device and when you plug into a terminal you'll have access to all your programs via the cloud.

No more owning programs like MS Word

Neither mobile phones nor tablets are built to have the power or storage capacity of a PC so when you plug into a dumb terminal you will access programs like Word, Excel, Access, etc. You won't buy these "office suite" programs in the store anymore because you don't have a computer to load them on nor run. Instead you'll access them via the cloud, sometimes for free. Quality programs like Microsoft office will charge per use, say ten cents per page for Word docs and a quarter per Excel spreadsheet. Yes, there will be free alternatives but then you'll have to suffer through ads for car insurance between the slides of your PowerPoint presentation on your company's innovative new heart monitor.

Google goes out of business

Here's a shocker for you, with \$25 billion in cash and \$40 billion in assets Google will be put out of business by Facebook. Google loses money on 95% of their businesses; think Gmail, Google earth, Google translate and yes, even YouTube is a money loser. Google's profits come from selling "targeted" ads on their ubiquitous search engine. Facebook however has better info on you than Google ever will. Google knows when you are searching for belts. What they don't know is who you are. Facebook knows you are a 45-year-old female who drives a Prius and who belongs to PETA and WWF. Clearly they will recommend the indigenous-made hemp belt over the crocodile and sable fur one. For the reason that Facebook knows everything about you (every word you write on the Wall or in a "private" message) along with what you look like (pictures, pictures, pictures) Facebook will be best positioned to monetize this information. Google will end up being an answer on Jeopardy. I'll take massive tech companies that went out of business for \$200 Alex.

Carrier-based texting (as we know it) is dead

Texting reminds me of when I would use a lead battery in the 70's; it didn't work great or last long and it leaked. I often wondered, is this the best technology there is? I feel the same way about texting which is limited to 160 binary characters in English (70 in Chinese); I question - is this really the best we can do? I doubt it and I suspect texting, the most common form of communication of the millennial generation, is on its way out. Texting is also a huge rip off (for us) and a massive profit center money maker (for the carriers). Well, Apple fired the first volley to kill carrier based SMS with the announcement of iMessages. This is a huge first step to NO MORE FEES for texting.

The iPod is dead

The iPod made music portable and that no longer serves a purpose. Kids now put the music on their mobile phones (as do I) while Amazon wants you to house it in the cloud (their servers). The iPod is a modern day appendix; it's part of your body but if it gives you trouble you cut it off. The trouble is it costs money and is ANOTHER thing to carry while other devices serve the same purpose; its days are very numbered.

The rest...

Look for serious strides in voice activation, including voice texting when possible. Note also smaller websites with less clutter and junk as it is easier to mobile surf pruned sites. The web will also get "smaller" (fewer sites attracting all the views) as the web is soon to be dead - app usage now supersedes internet surfing (81 minutes of app usage vs. 74 minutes of web surfing). Watch for the explosion of Near Field Communication (NFC) and RFID. NFC and RFID will make it possible to walk into Wal-Mart grab a pack of razor blades, walk past POS, swipe the razor blades and your mobile device (Google wallet is here) and walk out the store in under 60 seconds without standing in line; oh yes - it is coming. And when it is time to pay your credit card bill you can say goodbye to postage stamps. The USPS will text you a *one-time* code you will write on your letter/package and mail (Sweden is already doing it with great success so I can't claim credit for thinking this up).

IV. CANDY – ARTS/CRAFTS Concept Available

We currently have for sale/license the most UNIQUE CANDY - ARTS & CRAFTS concepts I have seen in my days in this business. [Contact David](#) for more info.



V. The McDonald's Massacre

It was a bitter cold day in November 1995 when an anonymous letter addressed to the President of **St. Jude's Children's Hospital** in Memphis, Tennessee arrived on his desk. Inside the envelope with a postmark from Dallas, Texas was a **McDonald's** game piece from their **Monopoly Sweepstakes** game worth **\$1 million dollars**. Some generous soul who cared for kids gave this magnanimous gift to St. Jude's. The problem was the winning \$1 million dollar ticket wasn't transferable, meaning St. Jude's couldn't cash it.

Not to worry, McDonald's generously waived the rules that only the original claimant can be granted the winnings, and has been paying the \$50,000 annual installments for the next twenty years. It was the largest anonymous gift in St. Jude's history and it would help save children's lives.

The person who gave them the winning ticket, **Jerome P. Jacobson**, was a lucky man. See, Jerome – who worked as Chief of Security for **Simon Marketing** – won the top prize of one million dollars (and other prizes as well) almost every year. Here is Jerry's story.

McDonald's food corporation had a great idea, take the **Monopoly** license from **Hasbro** and marry it with a sweepstakes game and run a nation-wide promotion. McDonald's subcontracted with **Simon Marketing** (a then subsidiary of **Cyrk**) to handle the sweepstakes. Jerome, or *Uncle Jerry*, as he was known used his position as Chief of Security to remove all the winning game pieces before they were distributed to stores nationwide. Uncle Jerry would then conscript friends and relatives to redeem the game pieces and he would split the proceeds with them. In addition to winning the million dollar prize for half the decade, Uncle Jerry (or his confederates) also won almost every prize of note (**Editors Note: no wonder all I ever won was a large fries**). Uncle Jerry's team won Mercedes, Corvettes, Lexus cars while **netting over \$24 million** in cash and prizes during this spree.

The fraud was uncovered when one of the "participants" informed on Uncle Jerry to the FBI. I can only guess this informant, obviously of high moral fiber, was likely involved in some other federal crime where selling out Jerry seemed like a good idea. FBI agents posing as a camera crew went to the homes of the alleged winners and interviewed them on how and where they won their tickets thereby confirming the story of the informant. Uncle Jerry and 20 other individuals were indicted by the US Federal Government under the watch of USAG John Ashcroft. The indictment alleged that as far back as the late 1980s, Uncle Jerry, was embezzling high-value winning McDonald's game pieces from his employer.

The Dénouement (*or what happened to all the parties involved?*)

McDonald's Corporation voluntarily attempted to rectify the situation by issuing payouts to new (legitimate) winners, awarding five \$1 million annuity prizes, and fifty \$100,000 prizes over a five-day period.

Uncle Jerry was sentenced to 37 months in prison in October 2003. He was also ordered to pay \$13.4 million in restitution and a fine of \$750,000. Along with Jerry, 51 other individuals were indicted, 29 immediately plead guilty.

Simon Marketing was fired by McDonald's and then sued. Simon responded by counter-suing McDonald's. Eventually they settled out of court, with McDonald's' claim being thrown out and Simon receiving \$16.6 million.

St. Jude's. Both St. Jude's and McDonald's were surprised when CNN identified the mystery Santa as the accused swindler, Uncle Jerry. The only question was, would McDonald's ask for its money back? St. Jude said it would do whatever McDonald's wanted. In a statement McDonald's spokesman said the restaurant chain had no intention of asking for its money back.

VI. Management Theory - The Hedonic Treadmill



This past week I interviewed two different people for two different jobs. One was a man nearing the end of his career who was earning \$300,000 per year and the other a young woman who was earning \$90,000 per year. Both were fairly close in geography and both worked in the toy industry. What they had in common with each other, as with most of us, was their desire for career and financial advancement. What struck me was that both individuals were very candid in that they expressed that due to their respective lifestyles they both *needed* (not *wanted*) more money in their next job. Their choice of the word “*needed*” struck me as it made me wonder how money affects happiness. The theory **Hedonic Adaptation** states

that as a person makes more money, expectations and desires rise in tandem, which results in no permanent gain in happiness. The concept was modified by Michael Eysenck, a British psychology researcher, to become the current **Hedonic Treadmill Theory** which compares the pursuit of happiness to a person on a treadmill, who has to keep working just to stay in the same place.

Approximately 80% of the candidates I poll say money is the motivating factor in what job they will chose next; the remaining 20% state that quality of life, work-life balance and/or work satisfaction are the factors that determine which job they will chose next. I would speculate that those 20% are not on the Hedonic Treadmill. Money or more precisely, the acquisition of things is not

what motivates these *twenty-percenters*. I know a woman who manages a hedge fund who loathes herself for the financial chicanery that is part and parcel to her business. I asked her why she does it if she hates herself for how she earns her money. She answered that she lives in a beautiful high-rise in Manhattan, has a place out on Montauk, one in Connecticut, a non-working spouse and a child in the best school. I asked her if she was happy and she said “*absolutely not – not ever, not one minute of my life... but I have all these things.*” Then I asked her is she would have been happier earning \$45,000 working in the garment district (where she ascended from). Her reply, “*Without a doubt chasing dollars has caused me to live a sad life surrounded by beautiful things...having beautiful things around you and never being happy only magnifies your unhappiness. I do feel I could have been more content if I chose other things over money in my career.*”

I am of the belief that it is possible to have a money and happiness although perhaps I say that because I love my job as much as I do. For others who do not love their job and feel they are on the Hedonic Treadmill I would advise them to chose their next job more carefully and to evaluate the company first and the salary second. I do however know that is easier said than done.

As a person makes more money, expectations and desires rise in tandem, which results in no permanent gain in happiness.

VII. SINGLE PLAYER LOGIC GAME available for sale/license

We have a unique single player game for sale/license. Please [contact David](#) for the most difficult (you won't be able to solve it) single-player logic board game in the industry.

VIII. Parting Shots – Shame on Disney

I realize this might not be a popular piece but I feel it must be written. Early in May of this year, some two dozen brave men – and one brave dog, likely a Belgium Malinois – risked their lives in the pursuit of the terrorist and mass murderer, Osama Bin Laden. These brave men, members of **Seal Team 6**, accomplished their mission and rid the world of this mass murderer. For their efforts, they and their families will always be at risk. Hopefully their identities will never be known.

The announcement of OBL's death is the new "*where were you when you heard it*" moment of our time. The following day at **Disney** the idea to capitalize monetarily on the killing of OBL became the topic of an ad hoc meeting. I can only speculate on the ideas Disney considered, perhaps a Osama doll with exploding bullet wounds or a new ride at Disney Parks where you are placed on a board in a white shroud and tipped into a wave pool - *buried at sea* Disney Style. Whatever macabre ideas Disney had, and I am sure they had plenty, one of the more tasteless ideas was to Trademark the term "Seal Team 6" for financial gain and profit. Personally I find this repugnant. I don't take issue with games of war or licensed product but this is plain old fashioned carpet-bagging at its most disgusting level. Profiting off the bravest of the brave; clearly Disney has hit a new low. Frankly, I didn't know Disney was in the business of war toys/games but maybe they want to get into them. Well, trade marking this term, essentially stealing it from the Navy – who has designs to trademark it themselves, is wrong. The men and women of the Navy work a job in harm's way and as far as I am concerned, they own the name Seal Team 6, and 5, 4,3,2,1 for that matter. I hope that Disney President **Robert Iger** has enough respect for those who risk their lives so that he may enjoy his freedom to abandon his claim to the trademark application and let the US Navy continue with their trademark. Shame on you Disney.

IX. Toy Industry Foundation In Need of Toy Bank Donations This Summer

Each year the [Toy Industry Foundation](#) (TIF) collects toys for disadvantaged and at-risk children during its Summer Toy Drive which is now underway and will run until August 31st. TIF is looking to toy manufacturers, distributors, licensors and retailers to help make play possible for children this summer by donating toys, plush, games, arts/ crafts, and books to The Toy Bank, the TIF's signature program.

"When most of us think of summer, we think back to all of the fun things we did and all of the toys we played with," said Dawn Herrschaft, Foundation Coordinator at TIF. "Summer can be a very different experience for children who don't have much of their own. It isn't much fun when you don't have access to toys and opportunities that other children do." Toys that are generously donated will be distributed through TIF's network of charities through Kids in Distressed Situations and partnerships with:

- [My Stuff Bags Foundation](#) – delivers duffels filled with toys, a blanket and other necessities to foster children who have little or nothing of their own;
- [Boys and Girls Clubs of America Military Services](#) – provides comfort through toys to children of military families who are dealing with the emotional stress of having one or both parents deployed;
- [Ronald McDonald House Charities](#) – gives toys to pediatric patients as well as an opportunity to "just be kids" and forget their worries;

You can help make this summer a memorable one for kids in need by [donating your toys](#) today – it's easy and tax-deductible. Donors will be acknowledged on [Facebook](#), [LinkedIn](#), the TIF [website](#) and in the 2012 TOTY Tribute Book. To donate or learn more, please visit the TIF website or contact Dawn Herrschaft at 646.454.5581.

