

# Toy Industry Newsletter

May 2011



## I. Jobs Available

### Director of Marketing

Midwest - \$105,000 + Company Bonus (Full Medical, 401K, etc). Reporting directly to the President, this position is considered mission critical to the success of the company. The President is positioning the company to a marketing-driven company and you will be the *tip of the spear* in this effort. You will build the Marketing Department and shape all aspects of the product. The successful candidate will have 5+ years of experience in juvenile products. Requisite experience includes knowledge of product positioning, package design, product development, PR, advertising, trade show development, research, etc. In 19 years of recruiting I can safely stake my reputation on the fact that you will not find a better President/company to work for. The people at this company will treat you like gold and help you succeed in every way. This is an amazing opportunity with an amazing company making a high-quality, high-margin product. Anyone would be lucky to work with these people. This company is located in the Midwest (email for details) and the client will assist with relocation expenses.

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### Sr. Sr. Product Manager

East Coast: \$100,000 - 125,000

You can call this position a *Sr. Sr. Sr. Product Manager* or a *Jr. Director of Product Development*, either way the client is looking for someone who is experienced and knowledgeable in PLASTIC project management/product development. The company will not waver on this point - you must eat, sleep and breathe plastic pellets. Furthermore, you must be **DETAIL-ORIENTATED**. Did you see the salary they are paying you - up to \$125K? They want **DETAILS** for that! Read a sentence with 10 misspelled words - **FIND THEM ALL** - that kind of detail-orientated. You will roll your sleeves up in this job and *get dirty*; meaning, you will actually work (you Hasbro and Mattel employees might think twice about applying for this job). You must be able to handle 20 projects at once; a whirlwind of activity and fit it all into one normal work day - go home by 6PM for goodness sake! Now, if you end up working with China a few hours at night they'll make it up to in a summer Friday, etc. However, because you are so good, so smart, so detail-oriented, so able to multi-task you can handle your job during the normal course of business because you are **GOOD!** This job is best for someone who loves the toy industry, loves to work and knows how to manage themselves and their time. If you can't do that - no need to apply. By the way, did I mention the salary of \$100,000 - \$125,000? Not bad huh? Located on the east coast.

### Director of Sales

Client is looking for an individual with experience selling to **Babies R Us, BuyBuy Baby** and the rest of the *usual suspects* in our industry. Solid company with excellent management is looking for someone to hire/fire, train/support a sales rep force as well as make sales calls as necessary. 20-25% travel is required (company paid of course). Be advised, this is an excellent company to work for - not a "meat-grinder" where you are *hired to be fired*. This company treats their employees with respect and dignity and expects the same from you. If you are a hard-type attitude kind of guy/gal, no need to apply. Nice people **ONLY** who have a verifiable history of success need apply. Relocation is not essential although it could help your chances. Salary is \$105,000 plus a 20+% bonus. Company will provide cell, laptop, travel expense, etc. Relocation assistance will be offered for those who desire to relocate.

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



## II. Bug Concept Available for Sale/License



You read that right; one of the most prolific professional inventors in our industry has created several bug (okay, "insect") related concepts and from a guy who hates insects I admit, they are exceptionally cool. Since you didn't sign a NDA I'll tell you how they work and have my lawyer redact the confidential aspects.

The concept is called the [REDACTED]. When you place one bug in [REDACTED] it [REDACTED]. When you place more bugs in [REDACTED], it [REDACTED] a lot! [REDACTED] in the [REDACTED] movement of the [REDACTED]. The [REDACTED] on the [REDACTED] of the insects [REDACTED] to decide the [REDACTED] it goes. It that absolutely amazing or what! Although kids and parents alike will think it is magic it is just a blend of nature and science.

Please contact David [via email](#) if you are looking to acquire a new bug toy concept.

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## III. Ask Dave

**Dear Dave:** I received a job offer that "expires" in 24 hours but need more time to decide than that, what do I do? Lori Beth



**Dave Says:** You received what we call an "exploding offer" and they are more common than you think. First and most important, it is important to reply quickly to their offer. Obviously you don't "love" their offer otherwise you would have jumped on it. Chances are you are their first choice but they have someone close by in the wings should you reject their offer; hence the reason they want your answer quickly. Since you are unsure of your response you can ask for more time, say 48 hours

**HOWEVER** be prepared for them to stand firm to their 24 hours and walk away from you for this request. Be prepared for that contingency.

Exploding offers place pressure on candidates and some companies feel it keeps the candidates from counter-offering. A good recruiter will intercede and handle this negotiation for you. I (not you) would tell the client that is not enough time and they run the risk of losing you in the process. However, since you are all alone in this process, it is you who has to carry the flag in this fight. If you are prepared to be "walked" tell them you require additional time to consider their offer and you will reply no later than a specified time/day. A reasonable company can afford 48 hours and if they can't; well, they just might not be the type/quality of company that best suits you.

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## IV. Toygaroo – the Netflix for toys on ABC's SharkTank

**Shark Tank** is an ABC reality show where inventors pitch their product or business ideas to a panel of multi-millionaire investors. What makes the show interesting for the viewer is that the investors use their own money if they are interested in acquiring a product or concept; this is the epitome of *skin in the game*.

This season's premiere episode showcased Nikki Pope, CEO of [Toygaroo.com](#), an online toy RENTAL company. Toygaroo is the Netflix of toys. Parents sign up for a monthly plan and

Toygaroo sends the child 6 new toys every other month. You choose the toys from the Toygaroo website – just like you pick a Netflix movie. When you are done with the toys you pack them back up in the Toygaroo box and send them back, again – just like Netflix. At the time of the filming Toygaroo had 500 members paying \$45.00 per month for the service. Pope further stated she had a wait list of over 1,000 additional customers and was asking for \$100,000 in additional capital to fund the business. For this investment she would sell a 10% stake in Toygaroo.

The “sharks” were indeed interested and got into a bidding war. Eventually Kevin O’Leary (the man who brought down Jill Barad) along with billionaire NBA-owner Mark Cuban offered \$200,000 for a 35% stake in Toygaroo. Cuban pitched Pope on his knowledge of Netflix-like businesses and his ability to achieve “*internet hyper-growth*” while O’Leary told Pope “...*Mattel and Fisher Price will never forget me*”. Pope accepted the \$200,000 and left crying happily.

### **Kevin O’Leary – The man who brought down Jill Barad**

Shark Kevin O’Leary’s (albeit dubious) claim to fame is that he was the owner of **The Learning Company (TLC)**. TLC was purchased from O’Leary by Jill Barad (of Mattel) for \$3.7 Billion dollars in 1999; Mattel quickly renamed it “Mattel Interactive”. Mattel Interactive bled money, about \$1 million dollars per day (per court records) and was upon purchase essentially “worthless”. A class-action suit filed on behalf of Mattel’s investors claimed:

*TLC had not been run as an ongoing business concern and was near financial collapse. Mattel and its top insiders knew or chose to disregard the truth about TLC’s poor financial condition from their access to TLC’s financial information during the due diligence process. Despite this knowledge, defendants pursued the acquisition because Mattel needed to acquire a software-based business to increase its competitive position and make Mattel’s promise of a successful Internet presence appear achievable. Meanwhile, TLC could no longer operate as an independent company and needed to be acquired before it fell apart altogether. Defendant’s scheme enabled them to get approval of the acquisition by TLC’s shareholders and by Mattel’s shareholders, enabled the top two officers of TLC to pocket over \$11 million from insider trading in Mattel stock, and enabled the Mattel insiders to give Mattel the appearance of growth, thereby increasing their earnings-based compensation.*

Mattel sold TLC/Mattel interactive for one dollar and future considerations of which it received \$27 million dollars, exactly half of what Jill Barad received (\$55 million dollars) as severance. Jill was fired for her acquisition of TLC/Mattel Interactive. Barad’s ill-fated purchase of The Learning Company has been called “*one of the worst acquisitions in corporate history*”. Mattel settled with investors with a record payout of \$122.5 million dollars in 2002 and took a pretax charge of \$25 million to cover legal expenses associated with the settlement.

Kevin O’Leary was President of TLC until the merger with Mattel. After the merger, O’Leary was President of the TLC division of Mattel earning a base salary of \$650,000 not including bonuses and other “executive only perks”. Just weeks before Mattel revealed the truth about the TLC division; O’Leary sold 250,000 shares of Mattel stock worth more than \$5.9 million. One month after the TLC “situation” was revealed, O’Leary left with a \$5.2 million severance package.

Barad, once named by **People Magazine** as one of their “Most Beautiful People” is nowhere to be found. O’Leary however can be found every Friday night on ABC in the Shark Tank. I can’t think of a better place for him.



## V. Looking for Game Concepts

Top Tier game manufacturer is actively looking for SINGLE PLAYER LOGIC GAMES. If you or someone you know has invented a single player logic game please contact David [via email](#).



## VI. Looking to Acquire a Company

Multinational company (not Chinese) is looking to acquire a company, or extensive product line, currently doing business in the specialty market. Ideally the product line will be of superior quality with a margin of 50% or better. They are not interested in licensed product. They are looking for a line with some range, not just items, that could potentially fill a category. Ideal size would be in the USD \$5-10 million dollar range. The company should be doing the bulk of their business in the US as then this company could take advantage of their International prowess to grow the business. Please [email David](#) to speak further about this opportunity.

## VII. Innovation Alert – OXO enters the baby market



OXO, the company known for its stylish kitchen and garden tools has just invaded the baby and toddler aisle. The innovative manufacturer hopes its [Tot](#) line of baby and toddler products (everything from spoons to a high chair) will hit a high note with moms. Most people don't realize that their bodies adapt to poorly designed tools until they use an OXO product. OXO designers wear heavy gloves/mittens when working with prototypes in the early design process to replicate the feeling of those with arthritis or poor manual dexterity. OXO makes great stuff and I am sure this line will be as successful as their kitchen/garden lines.

## VIII. Now Optimized for iPad2

The **Toy Industry Newsletter** is the only industry publication optimized for viewing on the iPad/iPad2. Other newsletters require you to view them on the host's website and what could be more inconvenient or cumbersome than that? We make it easy for you to take the Newsletter with you so you can read it when it is convenient for you. You can also store all of your back issues on your iPad/iPad2, iPod Touch or iPhone via the [iBooks](#) application.



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