

ACHIEVERS WITH HEART



INTERNATIONAL NEWSLETTER

FEBRUARY 2006. VOL4

From the Desk of Stephan

Dear Friends and Colleagues,

Our global operations now reach into 129 countries including the United States. Thanks to you we are producing record-breaking results month after month, and there is no competitor that comes even close to our content and our global reach. This is something to be proud of, yet we cannot rest on our laurels.

We are at a crossroads. We can continue with business as usual or we can challenge our thinking and practices to achieve breakthrough results. Our clients deserve the best; therefore we must deliver the best.

To achieve this goal, FranklinCovey is investing heavily in talent, content development, products, services and tools. Now it's time to leverage all of our capabilities by working as one team across the globe. Doing so will allow us to put our clients first and pave the way for expanded global growth. In fact, to truly fulfill our mission of impacting billions of people worldwide, we have to unite our hearts and minds.

We have put a lot of thought into how we can better work together for the benefit of all involved. As a result, FranklinCovey is creating new guidelines which will allow increased synergy and collaboration among all offices. Adopting these new guidelines will require us all to think outside of the box, deepen our abundance mentality and have courage and patience as we develop greater win-win opportunities beyond borders.



Participants at the 2006 Asia/Pacific Regional Conference in Kuala Lumpur, Malaysia.

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I invite you to read our new Global Sales Policy. We are breaking new ground with these new practices, so please do not hesitate to ask for our assistance or clarification, if needed. We are committed to helping you succeed.

We also ask for your commitment. In the end, it is up to each of us - from Philadelphia to Toronto, from Warsaw to Moscow, from Singapore to New Delhi and from Munich to Panama City to all corners of the world - to work together as a team and create greater success for all. Years from now, we will look back to this time and see it as a defining moment for FranklinCovey - for setting the path to achieving greatness and fulfilling our global mission.

We had a great meeting in Kuala Lumpur, Malaysia with all of our outstanding Partners in Asia/Pacific. We are looking forward to our upcoming meetings in Cyprus and Cost Rica, as well as the U.S. Symposium.

Thank you for being great team players, and for being part of this great journey.

With Warm Regards,

Stephan

An Inside Look at Sarah Merz, Pres. Consumer Sales Business Unit (CSBU)

Interview with Janita Andersen

1. Please tell us about the new direction and vision for CSBU?

The CSBU is committed to the corporate vision of positively impacting billions of lives. To date, we have sold 99 million planner units, primarily to individual consumers, so we are making a strong contribution to that vision. However, we think we can do a lot more in two ways.

First, our scope has broadened to include small businesses. In the U.S., there are five and half million small businesses (100 employees or less) compared to 102,000 medium to large companies. The small business market segment represents a great opportunity to reach and positively impact additional companies and individuals. We know that we work with small businesses today in the stores and through Consumer Direct, but we can do so much more. Our “Big Hairy Audacious Goal”, or BHAG, is to grow this market segment into a \$100 million business.

Secondly, we have plenty of opportunity to grow the consumer business. In fact, this year we are now experiencing year-over-year growth for the first time in five years. Growth is occurring in all channels, driven by increased sales focus in our proprietary retail stores, increased distribution through retail partnerships, and terrific innovation of our core products (planners, binders and cases, software). We are proud to report that 28% of Q1 2006 sales came from new products, versus a goal of 25%.

2. How does this small business segment differ from OSBU’s bigger clients?

We’ve found that small organizations have very similar business needs as our bigger customers. As entrepreneurs and small business owners, they are under great pressure to succeed and are just as demanding for results and return on investment. Because of this common need, we are also starting to offer the 4 Disciplines of Execution and xQ assessments to our clients this quarter.

There are a few differences though. Small businesses often have a preference for wholesale channels such as Target, Staples, and Office Max that cater to the small business customer. Small businesses are also very hesitant to take a team of more than 4 or 5 people off-line for more than a day because it can mean shutting down the business entirely. From an offering

“Creating synergies between the U.S. and International can expand new opportunities for all of us.”

- Sarah Merz

standpoint, we’ve found that our existing tools and training offering is well-suited to meet their needs and our multiple channels to market are seen as a benefit.

3. Is wholesale compatible with catalogue and FranklinCovey retail channels?

Today, for the first time in the company’s history, FranklinCovey is selling more units in wholesale channels than in our e-commerce, retail and call center channels. From our research and experience, we’ve found that a good portion of the market is looking for FranklinCovey quality and variety for the particular job they are “hiring the product to do”. Often, they are also looking for a planning product that is simpler to learn how to use and at a more affordable price point. We can serve that market well.

We also think about the wholesale market from more of a defensive standpoint. As the leader in planning products, FranklinCovey needs to have a wholesale presence because if we’re not there, someone else will be. We are, however, being very careful to sub-brand our planning products in non-FranklinCovey channels so we don’t compete with our more “deluxe” products. For example, we provide “365 by FranklinCovey” for Target and “Day One by FranklinCovey” for Wal-Mart’s and design the product with a different usage intent or “job to be done” and price point in mind.

We also think about wholesale distribution as a prospecting opportunity. We’re confident that our wholesale partners, with more than 5,000 stores, are reaching customers that we might not otherwise reach. By providing FranklinCovey product to those stores, we’re not only expanded our reach and revenue stream but also created an important, new customer base, which we think will grow into other FranklinCovey solutions over time. As a result, this strategy is aligned well and complementary with our overall FranklinCovey channels.

4. What is the future of FranklinCovey retail stores?

We are re-thinking our retail store strategy. To better reach and serve small businesses, we are transforming

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An Inside Look at Sarah Merz, Pres. Consumer Sales Business Unit (CSBU)

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our stores into outreach centers that will provide our training products and planning tools to area businesses and consumers. Our retail and small business sales force will also use the stores as a local hub for business activities. We also want to make sure that the stores provide an environment that supports our training business; customers should be able to reconnect and become re-energized about FranklinCovey principles when they visit our stores.

5. Does CSBU have its own sales force?

Yes, we hired 14 small business sales people in FY06. Their sole responsibility is selling to small businesses, with a slightly different go-to-market strategy than the OSBU sales force. We use a training process similar to the Black Belt program, and we are constantly testing the pricing and sales process. I suspect that we will always be fine-tuning our go-to-market approach to make sure that we are leveraging all market opportunities.

6. What is your thinking regarding International's consumer business?

I've been very impressed with the International operations and have asked our CSBU teams to study successful International practices. We can learn a lot from our different country partners, especially about their operations and product lines. We would also like to share our domestic successes and explore ideas that would be suitable for certain countries and regions. Creating synergies between the U.S. and International can expand new opportunities for all of us.

7. What do you enjoy about your job?

I enjoy so many things about my job, starting with the people. My colleagues at FranklinCovey have become my family and friends. I care both personally and professionally for the people with whom I work and want them to succeed. It's a privilege for me to work with them; they are teaching me to be a better manager and a better person. We are a special organization because our hearts are as engaged as our minds. I'm excited for the future and the challenges that we will inevitably face. We may look slightly different years from now but we will still have the values and principles that we hold dear and we will have all grown from the experience.

From the Product Innovations Team Sean Covey, Vice President Innovations

We would like to update you on our Leadership Offering, headed by Adam Merrill and Leigh Stevens.

As you know, we are in a multi-year effort to renew and expand our leadership and management development solutions. The first offering, which will be aimed at middle management, will be ready September 2006. Based on the 8th Habit, this solution will replace The 4 Roles of Leadership and will be positioned as a "foundational" offering to a broader suite of future leadership solutions.

Our goal is to create the most global leadership product to date and, we will, therefore, continue to seek involvement from our global partners. To date we have:

- Created a Global Leadership Council composed of FranklinCovey representatives from around the world to provide input, gather ideas, and receive feedback for our product development.
- Formed a Certification Core Facilitators Group who will test the workshop in different markets. Broad global testing will be conducted in May and June 2006, and we look forward to your participation.
- Partnered with the Global Supply Chain team to facilitate ease and speed of localization. We will provide all the necessary translation and localization tools and guidelines to allow a quick launch in your markets.
- Committed ourselves to creating "Two Victories." The first victory is a great product. The second victory is a great global launch. While we may not be perfect, we will be better than ever before.

We recognize that this new leadership offering will be central to your International business, and we are fully committed to helping you succeed. We'll keep you posted in the months ahead and thank you for your continued support.

Success Story from FranklinCovey Middle East

Mohammed N. Abdelhay, Manager of Operations
FranklinCovey Middle East (Qiyada Consultants)

FranklinCovey Middle East (FCME) has just completed the first “Young Professionals Program”, a twelve month partnership with Etisalat (Emirates Telecommunications Corporation), one of the leading service providers in the Middle East Region. The mission of career development at Etisalat is “to provide a staff development opportunity that enhances job satisfaction and fosters life-long learning for Etisalat’s staff.”

Etisalat believes That, in today’s business climate, talent is a valuable asset and it is the responsibility of every leader, starting with the company’s CEO, to lead and manage talent effectively and successfully. To demonstrate their total commitment to this issue, and in partnership with FCME, the Young Professionals Program (YPP) was created. Although we had had talks with Etisalat in the past, this was the first time that we had signed a contract with them.

After a series of meetings and discussions between the Business Development Team at FCME and Etisalat’s Senior Career Development Analyst, the YPP began in February 2005 with an introduction to FranklinCovey. 32 of Etisalat’s high potential young managers were chosen to participate in the YPP, and worked their way through FranklinCovey’s core program. The first workshop we implemented was the 7 Habits, which was run over two months; from May to June 2005. The sessions were customized and scheduled as half-days to

fit Etisalat’s work commitments.

Over the rest of the year, participants were introduced to Focus, 4 Roles of Leadership and The 4 Disciplines of Execution. The majority of the sessions were facilitated by Ms. Huda Al Khawaja, our Executive Vice President. However Mr. Craig Hiles, part of the virtual team of Facilitators in the EMEA region, facilitated the 4 Roles and 4 Disciplines, so participants were able to experience two unique styles of delivery. The 360° Benchmarks were provided as a measuring tool for both the 7 Habits and 4 Roles. The final aspect of this first YPP will conclude with delegates participating in the combined 7 Habits/4 Roles 360° Benchmark in May 2006.



Ms. Huda Al-Khawaja, Executive Vice President of FranklinCovey Middle East (center, seated) with the delegates on Etisalat’s Young Professionals Program.

The program has been so successful within Etisalat that they have committed to running it again in 2006, with another 32 of their high potential employees. The new contract is in the process of being signed. It is extremely satisfying for us at FCME to know that a company which puts so much emphasis on the talent development of its employees has chosen FCME to partner with them in this development.

In addition to the YPP, Etisalat is hosting a private event with Dr. Stephen R. Covey during his trip to the Middle East in March 2006. The event will mark the graduation of the first group of participants of the YPP, and the launch of the second. This half-day event is being held on the 20th of March and is expected to be attended by 500 Etisalat Executives from around the Region. We believe that this can only add value to our relationship with Etisalat and is a positive indication of their belief and satisfaction with the training and development of their participating staff members.

Best Practice

Doug Puzey, Client Partner USA Southeast Region

FY2005 was a record breaking year for the U.S. Southeast Region. Here in the state of Georgia we generated \$3 million in sales revenue. We achieved this after taking a new approach with our clients centered on the 4 Disciplines of Execution. It was an ambitious approach requiring time, patience and perseverance and in the end we delivered phenomenal results for our clients. Of course, helping our clients succeed also meant our success.

We learned many things along the way and we're pleased to share our best practices with you today. While there are many challenges when learning to do something new, we believe this is a journey worth taking - it will take your clients and your business to greater heights.

1. Have Tenacity

I suggest in this case tenacity is a best practice and perhaps even a virtue. I know that, by definition, as a successful Client Partner at FranklinCovey you are already tenacious. But this is new. It looks and feels different as a sale. It takes a little bit of patience and, I am going to say, even a little faith.

What do I mean by this? There is a phenomenon that we found all throughout 2005. I have many, many examples. The phenomenon is *repetition*. It often takes individuals and organizations several exposures to the 4 Disciplines before the huge opportunities start to emerge.

When buying products and services like ours, clients use defined "buckets" to evaluate their needs and solutions. These buckets include things like "leadership training," "strategy consulting" and "business acumen". However, we found that there is no bucket in their thinking for "execution". This is a challenge, but also a great opportunity. This is actually a differentiator for us. It is up to you create this bucket through education, and by building a business case before you can sell them on the product. Be patient. It is an awesome product - truly a "tiger by the tail". Clients eventually sell themselves on it.

Here's an example of tenacity. One of my peers in our own region this year started their journey with four Focus and Execution lunches. These lunches were very, very well attended. The presentations were the best FranklinCovey can offer! They were huge successes that produced absolutely *no results*. This made it incredibly frustrating and tempting to abandon selling PETs (Pilot Execution Track) and go back to the tried and true ways of selling our products.



Doug Puzey and his daughter, Kate, enjoy a Q2 moment.

But with that little bit of faith that I described and a lot of tenacity, he continued and found that the next couple events contained a large number of people from previous sessions. This time they had other decision makers with them. Within their organization, these prospective clients had been having meetings about 4DX. This time they were coming back to dig deeper to understand how 4DX could impact their organization. 4DX is, undoubtedly, an awesome tool and it hooks people!

As a result, this area has closed six PETs in that last 2 weeks in February 06. Six!

2. Build a Team.

Our success in Georgia was the result of a great team. Successful PETs are highly coordinated engagements. Your Facilitator is a critical part of the process and your ability to team together with your client is critical. Invest in the relationships. Strategize and work together to win your big clients.

3. Create a Filter.

There are very large opportunities out there. We won 3 clients in 2005 that were larger than any other client we had previously in Georgia. Even better, we have retained these three clients this year. This type of client should be filtered out early so you know where to focus your precious time. Of course, you must continue your work with other clients, but focus on those few high potential clients by helping them create phenomenal results and you will optimize opportunities and revenues.

We made hard decisions very early in the process and focused on some clients because of their

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Best Practice

Doug Puzey, Client Partner USA Southeast Region

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characteristics, even when they sometimes seemed liked poorer opportunities than others. We used the following guidelines to qualify our clients:

- **Opportunities with over \$150,000 Potential** - Look for organizations that are large. The best clients are large divisions in major organizations where you can move to other divisions as word spreads of the great results.
- **Executive Sponsorship** - Make sure you have an executive sponsor who has a clear goal and a business case for pursuing it.
- **The Opportunity to Create Results** - Look for clients where you can see a clear path for helping them create bottom line results.
- **Better than 50/50 Odds of Landing** - Be brutally honest with yourself about the chances of closing. Even with Execution, if you don't sense it has a great chance to close, don't pursue it.

We hope these best practices will help you and your clients succeed. We wish you the best in all you do!

xQ 3.0 Release coming April 3rd!

Vandy Evans, Director of xQ and Research

xQ 3.0 has been under development for the last twelve months and will go live on Monday, April 3rd. Note that there will be no changes to the questions on the questionnaire. The changes the new version of xQ will introduce will, for the most part, impact the administrators. While client impacts are minimal, they will experience some benefits. These changes will be discussed in detail during training.

We will be conducting two interactive training sessions via phone per region. Detailed registration and logistical information will be sent out to International xQ Administrators and Consultants via email the week of March 8th. Each country will identify one individual who will act as the Senior Administrator and attend training. That person, in turn, will be responsible for training other Administrators in their country.

Session 1

- When: the week of March 27th
- Where: over the phone, one class per region (Europe, Asia and Latin America)

- Who: Administrators who have set-up or plan to set up an xQ in the months of March or April

Session 2

- When: the week of April 10th
- Where: over the phone, one class per region
- Who: Other Administrators and Consultants who currently use or sell xQ and anticipate using the system or selling the service in the coming months

These classes are intended for existing xQ Administrators and assume that users have baseline knowledge of xQs administration. The focus of these classes will be on the changes introduced with xQ 3.0.

More information will follow to impacted users. Please contact Vandy Evans (vandy.evans@franklincovey.com) or Laura Stevens (laura.stevens@franklincovey.com) for more information.

Global Operations Update

Marshall Clark, Senior Director Global Operations

New changes have been announced to the Global Operations Team - they include the following:

Gina Shirts has returned from maternity leave and will be working part-time in her new role as International Project Manager. While the International Business Partners will remain your direct contact with Headquarters, Gina will be working on several key projects designed to increase the quality and quantity of support you receive. We are excited to have her in this role to help us move forward in supporting the International Business Partners, our International Direct Offices and our International Licensed Partners. Welcome back Gina!
(gina.shirts@franklincovey.com)

Leena Rinne, the International Business Partner for the Asia/Pacific region, will now also support the Europe, Middle East, Africa and South Asia region. She has proven to be a great team member and will support these regions with great execution.
(leena.rinne@franklincovey.com)

Jordan DeMoux is the newest member of our Global Operations Team. Jordan is the International Business Partner for Canada, Bermuda, West Indies and the Latin American regions. Jordan is not new to FranklinCovey. He worked in Seminar Operations before leaving FranklinCovey to pursue another consulting opportunity. He has returned and his knowledge of FranklinCovey and of Spanish and Portuguese will prove to be a great asset in supporting these regions.
(jordan.demoux@franklincovey.com)

“Achiever with Heart” Recognition: Jannick Pedersen, FranklinCovey Nordic



1. How long have you been with FC International? How did you join the business?

I have worked with FranklinCovey since August 2002, when Carsten Lindgaard and I acquired the Nordic Licensee. A few years earlier we had developed a close friendship at a Stephen R. Covey event. We are an excellent team because we are so different in age, education and work experience, but so close on value matters. We both decided to make the investment because (surprise!) the 7 Habits had an important impact in our lives in the early nineties. I have been involved with Human Resource Development for many years. The 7 Habits was simply the best approach I have come across.

2. What do you like best about your work and how has your life been impacted by it?

Firstly, it is important to me that I work with products and processes that really work for the customer and have both a visible and profound effect. Anything else would be a waste of my life. A particularly memorable experience with a group of 15 year olds was to see how two girls improved their relationship with their parents, once they had understood the first habit.

Secondly, the high quality of people that the material and the thinking attract, provide many growth opportunities. As an example, I was inspired to do yoga at a retreat in the Bahamas four days prior to the 05 Sales and Delivery conference - all just because a FranklinCovey colleague, Nina Kenney, shared her plans.

3. What is your dream or aspiration?

In the FranklinCovey dimension, my aspiration is to create a strong and healthy Nordic licensee which can stand on its own feet. I grew a consulting firm once before from 1 to 50 staff, but it remained quite dependent upon me. This time I am committed to empower the organization to eventually live without me.

4. How are you transitioning to the xQ™ process and sustained superior performance?

We are very excited about the new products and have implemented around 30 xQs. Since 1 January 06, we have sold seven pilot projects. Monday 30 January we initiated a campaign to 1450 top executives - through newspaper ads and direct mail. At the time of writing we have developed more than 30 serious prospects. My colleague Carsten Lindgaard is the champion of our Execution initiatives.

We have a number of successful implementations already behind us. We helped the Maersk Container factory reduce the number of work hours to build a container from 41 to 35 within three months. We also helped a city branch of the largest Danish bank move itself from a 19th place among 21 branches to a 2nd position.

Personally, I have conducted several xQ/4D projects. The most memorable has been with the top management of the Danish National Police Force, including the Anti-Terror Squad. Adding measurements and targets to security work was a first for this group and they were so satisfied with their achievements that they have recommended us to another key unit - the Danish “Navy Seals”! I will start working with the Seals in early March.

5. Please Share A little about your home and family.

I live in Roskilde - a small town by a beautiful fjord - formerly a Viking town and the first capital of Denmark almost a thousand years ago. Today it is the home of our FranklinCovey administration office - and only half an hour from Copenhagen and the international airport. An important part of life-work balance for me has been to be able to walk to work through the park. I am married to Bunny, who grew up in Thailand and lived in the UK for 15 years before we got married. Now, twenty years later, we have two wonderful boys: Frederic, 13 and Alexander, 17. You asked about my aspirations earlier. In my personal life dimension, my aspiration is to achieve the same greatness in parenthood as my father did. He died one month ago, and this is what he said about The 7 Habits: “Son, this is a good book - and what is in there is what I have tried to teach you since you were a little boy.”

First Hope - A Letter from India

Roshan Duggu, graduate of Asha Ashram orphanage, recently hired by Rajan Kaicker and Lavleen Raheja of FranklinCovey South Asia

What are your feelings about being in India and being able to become apprentices at FranklinCovey South Asia?

After completing my schooling I came to Katmandu on the advice and with the help of Cecile and Patrick. Every thing was new - the location, the environment, and the people. I felt very lonely in Katmandu, even though my five friends were with me. While in Katmandu I completed my Bachelors in Management.

Upon completion of my studies in Katmandu Cecile provided a new opportunity to go and work in India. We went to India for three days. I didn't realize that these three days would be some of the most memorable of my life. We were warmly greeted when we arrived. I was so excited to visit India for the first time. Every person we met was so friendly and nice to us. I had never been treated this well in my life.

I am very happy to be in India and I'm hoping to learn many new things. India is one of the fastest developing countries and I am so happy to be there and to work in this environment. I can understand and speak a little bit of the Indian language, so I don't think there will be a problem communicating.

In every stage of life I am learning new things. Now comes another stage when I have to learn to work as a new candidate in India. I enjoy learning and having new experiences in life. I am so



Lavleen Raheja, Co-chairman and CEO of FranklinCovey South Asia, stands with Roshan Duggu and his fellow graduates from the Asha Ashram orphanage, who are now employed with FCSA.

excited to join FCSA as an apprentice.

Throughout my life I have been gaining work experience, but the opportunity to be an apprentice at FCSA is something very special. I am hoping that I can do something that can help my life to proceed further towards becoming a better person.

What are your feelings regarding First Hope, Asha Ashram and your relationship with Cecile?

Asha Ashram was my home for eight years. That was where my new life began. We 79 children were brothers and sisters in Asha Ashram. Everything that I needed to grow as a child was fulfilled by this organization. Every hour was scheduled while I was at Asha Ashram and the staff was there to help us keep on track. Now, looking back, I feel the schedule was good for me because I have developed the habit of structuring my time. There was a schedule for everything: playing, eating, studying and sleeping (which is so necessary for growing children). There was so much love and affection between all the children.

Asha Ashram, Aunt Cecile and mother - these words all have similar meaning to me. Aunt Cecile used to come to Asha Ashram from time to time. Every time she

visited I felt like my mother was visiting me. She gives a mother's love to each of the children. She doesn't act differently to each child. She gives love equally to every child and has a deep feeling for every one. She has contributed a lot of time to sustain this organization and make it what it is today.

Gratefully
Yours,

Roshan Duggu