Dear Friends and Colleagues,

Congratulations for sustaining superior performance! We closed the 2005 year on a historic note with November and December as our two highest revenue months ever in International!

Now we can set our sights on the New Year. This is always an exciting time of year — it is a time to reflect on the past and make resolutions for the future. As you pursue your personal and professional resolutions, you may want to apply The 4 Disciplines of Execution to help you achieve your goals.

Imagine playing a game in which you didn’t keep score. You would most likely lose interest sooner or later. Why? Because without a scoreboard, you wouldn’t know if you were actually winning or losing — and the game would lose meaning, passion and fun.

Our life and work is no different. As individuals and teams, we can also benefit from a scoreboard that tells us if what we’re doing is actually getting us closer or further away from our goals or resolutions. With personalized scoreboards we’re better able to measure our performance, track our progress and gain insights for improvement. As a result, we will have more enjoyment and feel more fulfilled.

I hope you will consider creating your individual and team scoreboards. If you already have scoreboards, this may be a good time of the year to review them to see where you are.

When performance is measured, performance improves. When performance is measured and reported back, the rate of improvement accelerates.

- Thomas S. Monson

We are eager to update you on our progress and successes at the following conferences in 2006:

- Asia/Pacific Regional Conference
  Kuala Lumpur, Malaysia
  February 9-10
- EMEA Regional Conference
  Cyprus
  March 5-6
- Latin America Regional Conference
  Costa Rica
  April 5-6
- Global Sales & Delivery/International Conference
  Orlando, Florida
  September 13-15

We wish you success with your resolutions and look forward to seeing you soon to celebrate your many accomplishments.

Here’s to a great 2006!

Warm Regards,
Stephan Mardyks
An Inside Look at Bill Bennett, President OSBU
Interview with Janita Andersen

1. International has been very successful over the years and continues to grow. What do you attribute this success to?

I congratulate everyone in International for contributing to FranklinCovey’s success and for your dedication to making a difference in your countries. Many things contribute to International’s success but I would like to focus on three specific factors.

First, I’m continually impressed with the level of talent, dedication, passion and performance throughout our International offices. We simply couldn’t do without you.

Second, I think we’ve had strong leadership in International for several years, which set the foundation for delivering the best — both in the caliber of people and in business performance.

Currently, Stephan’s leadership has raised the bar for success by assembling a strong leadership team, expanding our reach with several new licensee partners, and focusing on process, operations and scoreboarding.

As a result, Stephan has done a tremendous job of strategically positioning International at FranklinCovey and expanding our global view for future success.

Third, I think that FranklinCovey’s message and SSP value proposition especially resonate with international people and organizations because they’ve been challenged with pressing global issues for some time and they welcome entrepreneurial ideas to improve their performance. So in many ways, international companies are much more excited about our solutions and the advantage we bring to them to compete and win in a global marketplace.

Needless to say, without the efforts of all of our associates all over the world, FranklinCovey would not be able to achieve its mission to affect the way billions live, work and achieve their own great purposes.

In reality, the world is one marketplace. Due to globalization of inexpensive, sophisticated telecommunications and manufacturing, and economic shifts, we are a world without borders. To meet the growing needs of such a world, FranklinCovey must present itself as a global company and deliver the best — International allows us to do just that.

2. OSBU is growing and future prospects look bright. What changes have you made to sustain success and growth?

Our Sustained Superior Performance value proposition has required us to change the way we approach our clients. The biggest and most important change we’ve made is shifting our focus from selling products or services to creating and measuring value for clients. As a result, our new criterion for success is: Did we deliver the value and results our client was looking for?

This shift to a more consultative sales approach requires getting a more profound understanding of client needs and issues, problems they’re trying to solve and results they’re looking for. To meet this challenge, we are implementing (domestically and internationally) a new sales methodology, training, coaching, and business development process under the leadership of Jennifer Colosimo, our new Director of Sales Effectiveness.

(Continued on next page)
An Inside Look at Bill Bennett, President OSBU
(Continued from page 2)

3. We’ve created a Black Belt certification process to improve sales effectiveness. Please tell us about the process and the results.

Our goal is to double the size of our sales force and double our revenues by 2010.

The Black Belt sales certification is central to achieving these goals. Through this certification process CPs are required to demonstrate their capabilities and prove results by engaging clients at a Focus & Execution Overview Luncheon, selling a Pilot Execution Track (PET), and selling a full roll out at the client organization.

To date we have nearly 2/3 of our U.S. sales force at the Orange Belt level (successfully completed the overview luncheon and booked a follow up client meeting). For International, Jennifer is in the process of certifying four International champions who will be responsible for conducting the Black Belt certification globally.

The good news is that we are seeing results that are forecasted to be 50% higher than what we estimated for selling of the PETs and forecasts for a full roll out look equally promising. A PET requires a series of completed sales and activities:

1. An xQ followed by a two-day kick off with an xQ Debrief and a 4D Work Session
2. A Scoreboard Review
3. A 4D Maximizer
4. A Follow-up xQ
5. An Executive Report Out

These results are very exciting and we will continue to collect best practices and test the process to yield greater outcomes. For more detailed information about the Black Belt program, I invite you to read Jennifer Colosimo’s article in this issue.

What do you love about your work?

What I love about my work is that when I retire I feel that I will have left something behind that’s good for the world.

I was big fan of the 7 Habits and What Matters Most long before I joined FranklinCovey and credit much of my success to them. Since joining FranklinCovey, my work here has re-affirmed the power of the content I learned years ago especially as it relates to how a business should be run and how to build relationships.

The past few years have been the most valuable business experience I’ve ever had, and I’m grateful for that. I’ve learned many lessons and continue to learn. One of the most valuable lessons has come from Bob Whitman. From him I’ve learned to stay focused and keep the course.

Symposium 2006 - Stephen Covey, Jack Welch and Hyrum Smith

Please join us for our upcoming Symposium and you’ll hear leadership perspectives from thought-leader Dr. Stephen R. Covey, Jack Welch, the man Fortune named “Manager of the Century”, and FranklinCovey co-founder Hyrum Smith. You’ll take away the knowledge and skills on how to grow results year after year by focusing on specific business initiatives and building workforce capabilities.

We look forward to presenting 44 Greatness Awards at Symposium 2006! Thank You to all the regions around the world for the impressive nominations you provided. There will be 9 awards in Washington DC, 12 in Dallas, 12 in Anaheim and 11 in Chicago. We look forward to recognizing your global clients through a visual tribute presentation during the luncheon on the second day at each Symposium event. The client award winners are currently being notified.
Update from Innovations
Joel Nielson, Product Line Manager

The Innovations team has been moving full speed on the development of the leadership offering and updating The 4 Disciplines of Execution. We have conducted live prototypes of both products and we’re excited about the direction each workshop is taking.

With both products, we have revised the development process so it includes a much stronger tie to our International business. In the next few months, we will be soliciting help from a number of stakeholders outside the US to help with:

- Research—survey sales people, consultants and customers to understand the international market for both products and how we can meet those needs
- Beta testing—conduct beta workshops in major international markets. Insights gained from those test workshops will help ensure an international focus in the content, packaging, and sales materials
- Global certification—qualify both our internal consultants and client facilitators to deliver

This approach will help create products that are ready for our International markets in terms of relevance and stakeholder buy in. We’ll be contacting you in the next few weeks to implement these research and testing plans.

We appreciate your input and look forward to making these products successful—all over the world.

Success Story from FC Brazil
Elcio Zanatta, Senior Consultant and Sales & Delivery Director of FranklinCovey Brazil

One success story from FC Brazil involves a large global company (one of the food industry leaders in Latin America). After attending a presentation on the 4 Disciplines of Execution, the president of this multi-national company in Brazil asked for a meeting with us to discuss how we might help his organization. We met several times with the president, explored his business needs and concluded that 4Ds would help him accomplish his goal to turnaround his business.

During the sales process, Virginia Ventura, our CP, did a great job of communicating the need for implementing a leadership work session to identify their WIGs before doing training sessions. As a result, we did a 2-day leadership work session in April 05 with over 50 company directors and managers, which represented all of their plants. This resulted in the creation of one key financial WIG.

During this 2-day work session, the leaders came away with a powerful experience as they discovered the importance of developing both the left and the right side of the SSP map. For example, as we discussed Discipline 3, it became clear to the client that if they were going to succeed, they would need to focus on their highest priorities. As a result, they sold themselves on the Focus training and had this same group of over 50 directors and managers go through the training.

Similarly, during the process of discussing Discipline 2, and especially Discipline 4, the importance of developing a new leadership model for the company became very clear for them. This corporation had bought different companies and was struggling with the differences in culture and leadership paradigms. They quickly concluded that they needed to develop their leaders and employees in a common process and culture. Again, they sold themselves on having the 7H training throughout their company.

After concluding the leadership work session, we submitted a proposal for an integrated approach that would take their leaders through Focus, and the 7 Habits followed by the 4Roles. We were thrilled when the president accepted the proposal!

So far, we have delivered the Focus and 7 Habits training and we’re currently delivering the 4Roles. This company is very pleased with the results and has decided to certify seven employees to teach the 7 Habits for Associates. We believe that the total project will reach US $ 200,000.

From this client experience we have learned the power of the 4Ds in helping clients see the big picture of their business and we’re thrilled that we have a powerful way to help clients succeed. We are confident that we now have the complete solution for helping clients to have “sustained superior results”.
Sales Force Transformation
Jennifer Colosimo, Director of Sales Effectiveness

I am excited to be heading up our sales force transformation in OSBU. Our sales force is stronger than ever before and we are investing heavily in helping them raise their performance to new levels.

To meet our 2010 growth plan, we are focusing on world-class sales methodology, training, coaching, and knowledge management.

Our International WIGs for fiscal 2006 are as follows:

- Certify Erick Clark, Marco Peña, Peter Kasic and Rick Spencer to drive Black Belt certification in their regions.
- Create Black Belt scoreboards and logistics with Bob Morley, who will track and distribute belts.
- Deliver in-depth “pilot” Business Results/Execution training in the UK. Scheduled for Jan 30 – Feb 3.
- Create a Sales Academy program for International regions.

More detailed information will be coming your way regarding the certification process in International. I look forward to working with you and congratulate you on your sustained superior performance in International!

9s & 10s - New Evaluation Process
Pam Parkin, Feedback Operations Manager

We have created a 9s & 10s workshop evaluation based on the research of Dr. Frederick Reichheld. His article in the Harvard Business Review, *The One Number You Need to Grow*, states: “If growth is what you’re after, you won’t learn much from complex measurements of customer satisfaction or retention. You simply need to know what your customers tell their friends about you.”

Our new workshop evaluation now asks only four questions to survey how likely the client would recommend the workshop to others. Each question is rated on a 10-point scale. From this scale, evaluation results can be quantified into a “Net Promoter” score.

According to Dr. Reichheld, if someone rates you a 9 or 10, they are a “promoter” and are likely to recommend your company to others. If they rate a 7 or 8, they are considered “passively satisfied,” and are not likely to say anything. If they rate a 1 through 6, they are “detractors,” and are most likely to speak negatively about your brand or company.

The “Net-Promoter” score is the percentage of customers who are promoters of your brand or company minus the percentage who are detractors. Our goal as a company is to receive a Net-Promoter score of 70% overall on the question: “How likely is it that you would recommend this workshop to a friend or colleague?”

We rolled out this new evaluation process in May 05 and started the roll out with International’s Direct Offices’ country managers in December 05. All International Partners will also be invited to join the process prior to fiscal year end, August 31, 2006.

To purchase a copy of the article by Dr. Fred Reicheld, please go to www.hbr.com

Public Programs Best Practice Team
Deborah Szczepko, Director of Sales and Marketing, Canada

I’m pleased to be leading our newly established virtual team on Public Programs Best Practices, initiated by Stephan. The purpose of our team is to provide an opportunity for all Global Partners to share and learn from each other.

We invite you to send me your experiences, good or bad, with lessons learned. The information you and others share will help us all to achieve success better and faster.

To get started I’m inviting everyone to send me a WOW! — an experience that has been very successful. The information you and others provide will be circulated every two weeks via e-mail. The next e-mail communication will be sent on February 6th.
First Hope - Our Legacy Project

Interview with Diana Peterson, President of First Hope

1. Why is FranklinCovey getting involved with an orphanage in Nepal?

This is an opportunity for FranklinCovey to unite its efforts towards a profound legacy. What you do today for these orphans will affect generations to come as these children become leaders in their own nation.

When Bob Whitman learned of Cecile Pelous and her heroic efforts to adopt these orphans, he was inspired to support Asha Ashram, the orphanage, and its fund-raising organization in the U.S., First Hope.

Nepal has no government programs for orphans. Without private donations these children would face dangers such as being kidnapped into slavery or becoming victims of the black market for internal organs. Because of this situation, the needs of the orphanage are truly urgent.

Through financial contributions, leadership training and hands-on help from International’s Global Partners, you can make all the difference in sustaining the well-being and future of these children.

2. Why does it take $1200 a year per child?

First of all, all funds go directly to supporting the needs of the children. Cecile Pelous still pays for all of her travel and expenses as she administers to the needs of the orphanage.

Caring for 122 children requires money for a staff of seven people, food, housing, clothing, healthcare, and education. In addition, several of the orphans are now pursuing a university education and costs are high due to civil war that continues to rage in Nepal.

The care that the children receive is not just for the short-term. Cecile makes sure that the children receive an education and skills for the future so they won’t be at risk once they are ready to leave as young adults. Cecile envisions a future where each orphan is independent and self-sufficient, even the ones who are handicapped.

Her goal is to nurture healthy, productive, principle-centered leaders who can lead their nation to a brighter future.

3. If I can't give $1200, does a lesser amount work?

Any amount makes a difference and is greatly appreciated. One contributor to First Hope has faithfully contributed $10/month for several years now. Two or more people (a whole office or several members of a neighborhood or family group) can jointly sponsor a child.
Achiever With Heart Recognition
Adele Mary Hall, South Africa

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

I was part of the management team at my previous employer, Hannover Reinsurance Africa Ltd, and was privileged to participate in a 7 Habits workshop. The workshop inspired and motivated me to share this manner of effective living with the youth in my community where one of my roles was that of youth leader in my church.

I was so inspired by the 7 Habits content, I decided to develop a relationship with FranklinCovey and pursue a leadership role at the company. This eventually led to my decision to acquire the business.

My journey with FranklinCovey has been rich and rewarding. I have had a number of life-shocks during this time, each I believe presenting me with opportunities to see life and my contribution differently.

2. What do you like best about your work? Can you share an example?

I am excited about being involved in worthwhile purposes and being part of a bigger ‘family.’ I am also driven to capitalize on opportunities of synergistically impacting organizations and their employees in a positive manner.

FCSA’s strategy is to have a great impact on the private and government sector in South Africa. We have trained thousands of leaders in the public sector, and I am inspired to continue growing leaders on the African continent.

I love to see the difference we are making in people’s lives. I constantly hear stories from clients who say that they are a better person, a better employee, a better family because of the 7 Habits process. They are eager to share their new learnings with others at work, at home or in their community to help empower them. Many tell me: “I wish I had known this 20 years ago.”

Closer to home, I am inspired by having a room full of teenagers (young leaders) eagerly lap up our material. Hearing these young leaders on the radio after a program, testifying to the positive impact our teachings have had on them ... I am inspired.

I also strive to create opportunities for my children to live happy and well-balanced lives. It is vital that the home and social environment I provide for my children is conducive towards them achieving their true potential.

3. What is your dream or aspiration?

My dream is to make a difference among the people of Africa by impacting positively the lives of those with whom I interact, whether on a temporary or long-term basis. I am driven by the desire to give back to the community in which I was raised and to be a mother who helps her children align their daily activities with what matters most in their lives. My aspiration is to be a woman of excellence.

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

We are at the beginning stages of working with a dozen clients to re-position ourselves as business consultants. We are seeing promising results as clients engage in the xQ process. Clients are excited to identify performance gaps in a tangible way. They are encouraged by the constructive, non-threatening dialogue they pursue as they discuss results of the xQ and possible solutions to their problems. They’re also pleased that the xQ process will give them a credible ROI measure as they embark on implementing and measuring solutions.

After delivering an xQ, we recommend the 7 Habits process to address individual leadership. Then we move to organizational leadership by delivering the 4Ds and 4Roles followed by an accountability session to review application of the content. Of course, we recommend a final xQ to measure successful change.

Through this process, we are raising our credibility as business consultants and positioning our solutions strategically within the client organization. I believe that if a client commits to the entire process, they will receive significant results. We are currently working with a bank with 700 employees, which will hopefully prove this out.

5. Please share a little about your home and family.

The eldest of three children, I was raised in a family where love was shown through actions and respect for all was a core value. My school education was supplemented by completing a degree in accounting and auditing. I worked very successfully in this field, culminating in me managing the Life accounting division of the largest reinsurance company in Africa.

I thoroughly enjoyed my job and while pursuing my career in accounting, I found time to get married. The fruits of that union are two beautiful children, Lauren now aged 13 years and Brandon aged 9 years.
Best Practice: UK - Creating a Winning Sales Culture
Kim Bendzak - Sales Director FranklinCovey UK

The sales team in the UK, in common with those in many regions, is focused on continual improvement, accountability and results. To achieve our challenging growth targets, we are focusing on recruiting, hiring, training, lead generation and effective sales management.

Recruiting and Hiring Talent
• A major recruitment campaign was launched this fiscal year. We have hired four new client partners who joined the team in the last half of 2005 and interviews are currently under way with another four.
  • The interview process was changed to assess a candidate’s specific skills and behaviors against a clearly defined sale role and desired results. Key associates from management and facilitation joined the assessment panel to ensure that only the strongest candidates made it through. Stephan Mardyks also interviewed the final candidates.

Sales Training
• An improved induction and training process was implemented to reduce the time for new CPs to start generating revenue (ramp up time).
  • New CPs spent time in each department to learn key processes and develop strong internal relationships to ensure success in servicing client requests. They also, of course, attended all the key FranklinCovey workshops.
  • The Global Sales and Delivery Conference in October 05 was particularly valuable for the new hires - particularly two who had not formally joined the company at that point, but luckily were still able to come to California with the team. This provided an enormous boost and got everyone focused on making President’s Club in Hawaii next year!

Lead Generation
• A new business and lead generation function was assigned to two members of the sales team. Their sole purpose is to: (1) Convert all incoming leads; (2) Generate additional appointments for the CPs; and (3) Track leads generated over time to ensure effective follow up.
  • A new Sales Management System is being introduced to automate the data collected by lead generation. The result: all areas of the business are focused on feeding sales leads to this team - and a professional approach to contacting them is ensuring greater conversion.
  • A series of joint training days for sales and delivery are run by our leading facilitator, Elspeth Chasser, to better align these two functions.

Sales Management
• Monthly sales meetings not only cover revenue accountability and key activities, but also have a real focus on learning to build the capability of the whole team.
  • Facilitators conduct learning sessions on key topics such as sales and consulting approaches or course content. The goal is to raise skill levels and create understanding for the styles and experience of different associates or solution partners.

As we move into a new calendar year, we are fortunate to have such talent in the UK sales team, and our new synergy and focus on results makes us well placed to deliver another great period of growth for the UK office.

The UK Sales Team, from left to right
Back row - Linden Ingram, Sharon Quigley, Sian Griffiths, Mark Conlan
Middle row - Philippa Gerrish, John Meredith, David Watts, Caroline Morley
Front row - Kim Bendzak, Ann Lewis