The TEAM FOCUS Framework
For Team Problem Solving

Paul N. Friga

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Module 1 - Overview

TEAM FOCUS – for more effective and efficient team problem solving

What is it?

- A guide for any team problem-solving project
- Based upon the author's experiences at McKinsey and research into best practices at other top consulting firms and business schools
- Note that all of the content you find herein is alive and well at McKinsey, based on my experience and hundreds of interviews, the actual framework presented (TEAM FOCUS) is my new, unique, and hopefully value-adding contribution

What is included?

- A baseline construct of the book published by McGraw Hill entitled *"The McKinsey Engagement,"* including:
  - 9 Primary Areas (TEAM FOCUS) - for team problem-solving
  - 27 Rules of Engagement - for guiding the teams to success
  - 40 Operating Tactics – for executing best practices

How should I use it?

- As a checklist of the most important elements of successful team problem solving – includes templates and examples
- **As a deeper dive for tutorial lessons – utilizing the web based apps shown on slide 3**
- As a source of specific applications, including consulting firm projects, business school field studies/consulting projects, business school case competitions, and executive task forces in corporations – any team problem solving opportunity!

Resources at your fingertips

Module	Area	Video Link Password: KF-COOL	Quiz (5 interactive questions per module)
1	Overview	https://vimeo.com/348059738 https://vimeo.com/348059706	https://kenan-flagler.qualtrics.com/SE/?SID=SV_cZaJdDHXRd1OeBC
2	Talk	https://vimeo.com/348209124 https://vimeo.com/348268176	https://kenan-flagler.qualtrics.com/SE/?SID=SV_9n1PH9s8GGJX1be
3	Evaluate	https://vimeo.com/348885482 https://vimeo.com/348911993	https://kenan-flagler.qualtrics.com/SE/?SID=SV_6gugCROKaeW7gzi
4	Assist	https://vimeo.com/349104880 https://vimeo.com/349107395	https://kenan-flagler.qualtrics.com/SE/?SID=SV_4U6NzpIS2JCpoO0
5	Motivate	https://vimeo.com/349508217 https://vimeo.com/349519415	https://kenan-flagler.qualtrics.com/SE/?SID=SV_dbwqCGtpMghh97m
6	Frame	https://vimeo.com/350108606 https://vimeo.com/350164173	https://kenan-flagler.qualtrics.com/SE/?SID=SV_1CeaYJ7PLtsRggs
7	Organize	https://vimeo.com/350824419 https://vimeo.com/350829444	https://kenan-flagler.qualtrics.com/SE/?SID=SV_d7pUVJORr20eGbi
8	Collect	https://vimeo.com/350842653 https://vimeo.com/350846173	https://kenan-flagler.qualtrics.com/SE/?SID=SV_2n1mIsZbaiL4VTK
9	Understand	https://vimeo.com/350859403 https://vimeo.com/350865956	https://kenan-flagler.qualtrics.com/SE/?SID=SV_bpyB6RLSbQEAjcw
10	Synthesize	https://vimeo.com/350870194 https://vimeo.com/350875160	https://kenan-flagler.qualtrics.com/SE/?SID=SV_0puRBwqUiKzMNIo

TEAM FOCUS Framework
"Rules of Engagement"

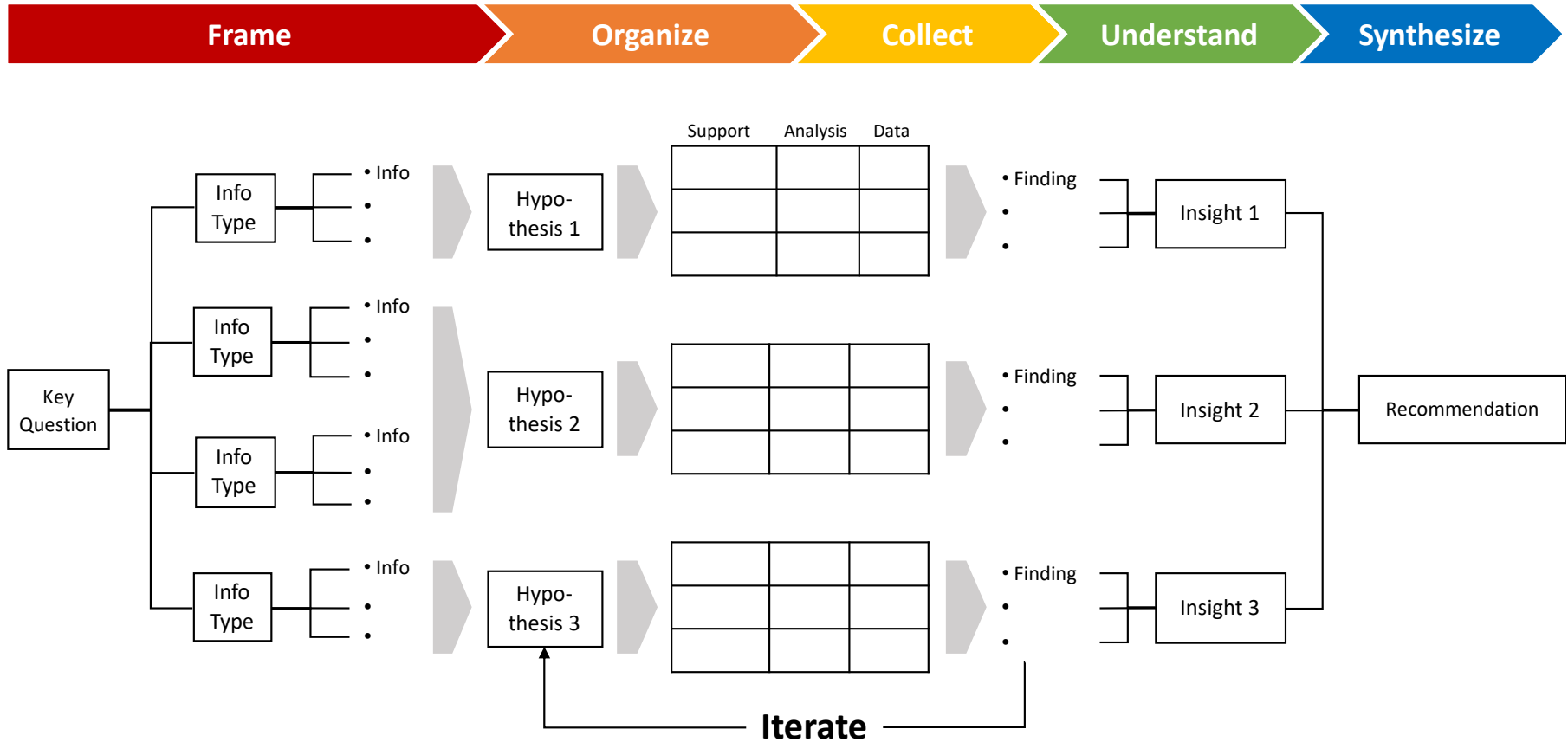|	**Talk**	**Evaluate**	**Assist**	**Motivate**	
T E A M	• Communicate constantly • Listen attentively • Separate issues from people	• Discuss group dynamics • Set expectations and monitor results • Develop and reevaluate a personal plan	• Leverage expertise • Keep teammates accountable • Provide timely feedback	• Identify unique motivators • Positively reinforce teammates • Celebrate achievements	

	Frame	**Organize**	**Collect**	**Understand**	**Synthesize**
F O C U S	• Identify the key question • Develop the information tree • Formulate hypotheses	• Develop a high-level process map • Create a content map/analytical plan to test hypotheses • Design the story line	• Design "ghost charts" to exhibit necessary data • Conduct meaningful interviews • Gather relevant secondary data	• Identify the "so what(s)" • Think through the implications for all constituents • Document the key insight on all charts	• Obtain input and ensure buy-in from client • Offer specific recommendations for improvement • Tell a good story

FOCUS Analytical Process Map

| Frame | Organize | Collect | Understand | Synthesize |

Key Question

Info Type — • Info
Info Type — • Info
Info Type — • Info
Info Type — • Info

Hypo-thesis 1
Hypo-thesis 2
Hypo-thesis 3

Support	Analysis	Data

• Finding
• Finding
• Finding

Insight 1
Insight 2
Insight 3

Recommendation

Iterate

Better World Books is a socially conscious bookseller

How do we scale up the P2P Buy-back program?

Better World Books Mission:

Better World Books is a global bookstore that harnesses the power of capitalism to bring literacy and opportunity to people around the world

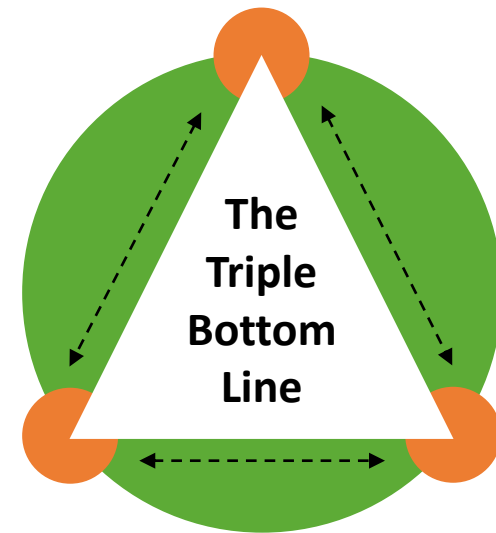**Funds Raised for Global Literacy**

$7,129,024.98

- -

Books Saved from Landfills

29,133,367

Economic
$300MM Projected Revenue in 2009

The Triple Bottom Line

Social
Supporting global literacy campaigns

Environmental
10MM+ lbs of books saved from landfills

Overall Plan for Better World Books Project

Approach to the Project
- Our STAR Learning Objective is to translate theory into practice
- We will use the TEAM FOCUS framework to guide us through the project
- Process Map and Project Deliverables

Our **Understanding** of the Situation
- BWB is a socially conscious book seller
- The buy-back opportunity looks attractive despite threats
- There is variance in the market - select criteria

Our Initial **Investigation**
- We will look at the buy-back opportunity and a roll out strategy
- Our analysis will focus on cash, recruiting, and implementation
- We will develop and test options in each of these 3 areas

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Better World Books Team

Dr. Paul Friga, PhD/MBA
- Director-Consulting Concentration, Kenan-Flagler Business School
- Experience with McKinsey and PWC
- Author of "The McKinsey Engagement" and co-author of "The McKinsey Mind"

Jon Bon Jovi, MBA 2010
- B.S. Economics, Duke University 2003
- Professional background in Retail Services and Industry Finance
- Experienced in leading and managing teams

Freddy Mercury, MBA 2010
- BBA Finance, University of Notre Dame 2001
- 7 years consulting experience
- Extensive project management experience

Stevie Nicks, MBA 2011
- B.A . Environmental Science, Harvard University
- Sustainability consulting experience
- Concurrent Masters with Duke School for the Environment

Diana Ross, BSBA 2010
- 2nd Year BSBA, Consulting emphasis
- Research Assistant to Consulting Program Head, Dr. Paul Friga
- Extensive team problem solving and PowerPoint experience

Jimi Hendrix, BSBA 2010
- 2nd Year BSBA
- Strong analytical skills
- Experience in multiple business fields

Module 2 - Talk

Talk: Rules of Engagement

Communicate constantly

Listen attentively

Separate issues from people

Talk: Tactics

T E A M
F O C U S

Tactic 1 | Document and share all contact information for the entire internal and external team, identify the key communication point players (who will contact whom), and the overall scope of the project.

Tactic 2 | Agree upon a meeting schedule that matches the nature of the project, but try to meet in person as a full team at least weekly (include the client in some meetings) or daily for one- to two-week projects.

Tactic 3 | All meetings should have a clear agenda (or issues to discuss), produce specific deliverables, and result in new action plans.

Tactic 4 | Use email frequently to keep the team updated on progress and use a brief and consistent format – remember that over-communication is better than under-communication.

Tactic 5 | When evaluating pros/cons of issues and ideas, remember to separate the issue/idea from the person (once presented, everyone evaluates the merit without any personal attachment).

Template: Team Charter

Team Name	
Client Name	
Project Description	
Potential Issues	
Success Goals	

Name	Role	Myers Briggs	Strengths	Weaknesses	Email	Phone

The Bookworms: Team Charter

Team Name	The Bookworms
Client Name	Better World Books
Project Description	Scaling up the P2P book buy-back program for a global student-to-student bookstore.
Potential Issues	Good student candidates, incentivization, turning a profit, quality control
Success Goals	One or two viable plans with high level implementation strategies and success metrics

Name	Role	Myers Briggs	Strengths	Weaknesses	Email	Phone
Jon Bon Jovi	Process	ESFP	Analytics, project mgmt	Quick replies, creativity	Jon.bonjovi@unc.edu	919 847 0678
Jimi Hendrix	Financials	ENTP	Financial modeling	Timeliness, storylines	jimi.hendrix@unc.edu	336 239 4146
Diana Ross	PPT	ENFJ	PowerPoint, problem solving	Attachment to ideas	Diana.ross@unc.edu	919 349 5877
Freddy Mercury	Storyline	ENTJ	Project mgmt, Excel	Availability	f.mercury@unc.edu	919 270 3459
Stevie Nicks	Research	INTJ	Analytics, strategy	Communicating ideas well	snicks@unc.edu	348 883 9580

Module 3 - Evaluate

Evaluate: Rules of Engagement

Openly discuss group dynamics

Set expectations and monitor results

Develop and reevaluate a personal plan

Evaluate: Tactics

Tactic 6 | Identify the personality types of the team members (including the client) – consider using Myers Briggs.

Tactic 7 | Hold a brief, relaxed session at the outset of the project to discuss personalities and working preferences. Keep the dialogue open over the course of the project.

Tactic 8 | Be aware of your default tendencies, but incorporate flexibility to deal with different personality types as needed.

Tactic 9 | Each team member should identify and document his one or two primary objectives in the project.

Tactic 10 | The team should openly discuss and reconcile individuals' personal objectives.

Tactic 11 | Establish procedures for handling disagreements and giving/receiving feedback.

Tactic 12 | Hold regular feedback sessions to allow time for improvement.

Template: Myers-Briggs Profile Descriptors

TEAM FOCUS

E — Extroverts
Comfortable with people and things; express emotions easily, and are friendly, talkative, and easy to know

I — Introverts
Comfortable with ideas and thoughts; do not express emotions easily and are reserved, quiet, and hard to know

S — Sensors
Use the five senses to become aware of things, likes precise and routine work, are not comfortable with solving new problems, and take pleasure in the current moment

N — Intuitives
Use subconscious ideas or associations to become aware of things and like solving problems, planning for the future, and forging ahead in new areas

T — Thinkers
Use logic, make decisions based on facts, like to analyze and organize, don't like to confront or express emotions, and are skeptical when approaching problems

F — Feelers
Like relationships to work well, enjoy people, are sensitive to others, make decisions based on values and impact upon people, and are trusting when approaching problems

J — Judgers
Are orderly and organized, like to finish tasks, like to make quick decisions, and like to make plans

P — Perceivers
Are curious, adapt well to change, like to start many projects but may have trouble finishing them, and may have difficulty making decisions
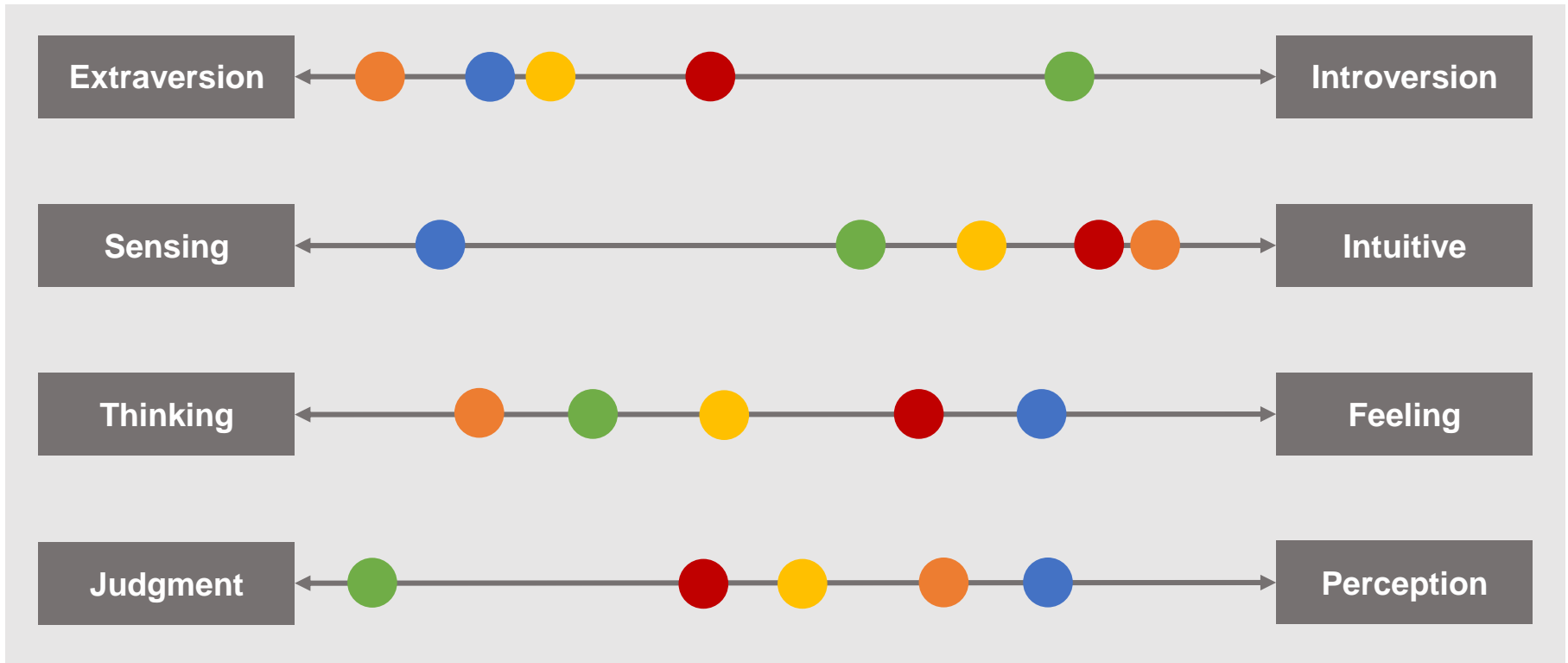
Template: Individual Development Plan

Name	Name
Project	Project
Incoming Strengths and Weaknesses	Strengths — Weaknesses
Special Development Objectives	Development Objectives
Results	Results

Better World Books Myers-Briggs Profile Scale

Jon Bon Jovi – Individual Development Plan

Name	Jon Bon Jovi
Project	Better World Books STAR Project
Incoming Strengths and Weaknesses	Strengths: Analytics, project management, excel / Weaknesses: Quick email replies, creative thinking
Special Development Objectives	Gain better PowerPoint and storyline development skills
Results	TBD

Module 4 - Assist

Assist: Rules of Engagement

Leverage expertise

Keep teammates accountable

Provide timely feedback

Assist: Tactics

Tactic 13 — First spend at least 1 hour in a general brainstorming session to openly discuss the problem and key issues to explore (see the "Organize" section later in this model).

Tactic 14 — Be sure to balance out the load equitably based upon the estimated number of hours to complete the tasks - revisit the assignments after work has begun to ensure continued equitable work distribution.

Tactic 15 — Identify and leverage the specific skill set of each team member (and the firm/client, if applicable).

Tactic 16 — Include at least one or two key status report meetings with the team (and the client) to review findings, data sources, and work streams.

Tactic 17 — On a daily basis, provide an update of individual and team progress to assess opportunities to adjust workload and assignments.

Assist: Better World Books Case
Example Situations and Mitigations

Situation	Mitigation
Awareness In the first meeting, the team knew what their strengths were, but were shy to admit their weaknesses.	After completing their personal development plans, the team put focus on what skills they wanted to develop, and tried to pair two people on each area, one 'expert' and one 'student' to help foster learning and a second opinion in case there was emotional attachment to ideas.
Workload A few weeks into the project, Diana was worried she was doing too much of the work. She felt she had a wide range of skills and wanted to contribute a lot, but was wearing herself thin and worried about he recruitment efforts.	At the next team meeting, Diana asked if anyone wanted to take on more work. She explained that she had recruitment deadlines coming up, and that she would appreciate the help. Freddy had already secured his job, so he had extra time and offered to help.
Progress After the first two weeks, Jon was unsure how much progress was actually being made. The team was newly formed, and he wanted to make sure everyone had the same expectations of what was being completed.	Jon set up a shared excel document where each team member would track what they had done twice a week, on Sunday and Wednesday nights. This allowed him to have a progress update the night before their meetings, and motivated the team to work hard.

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Module 5 - Motivate

Motivate: Rules of Engagement

Identify unique motivators

Positively reinforce teammates

Celebrate achievements

Motivate: Tactics

Tactic 18   Identify and discuss one primary and one secondary motivator for each person (the source of energy for each team member).

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Tactic 19   Give praise for and celebrate each major team milestone; share compliments with team members on a daily basis.

- -

Tactic 20   Have a social gathering after the project is complete.

Motivate: Better World Books Case
Example Situations and Mitigations

Situation	Mitigation
Motivation After the first week, Stevie seemed to be less interested in the material and had missed one meeting. During meetings she would contribute ideas and content, but never pushed herself past what was required.	Jon decided to schedule a meeting with Stevie. She mentioned that she didn't feel very motivated, and they identified her desire to develop new skills over her research experience. Stevie was put in charge of some of the PowerPoint deck, and worked with Diana to develop her slide deck skill set.
Bonding The team didn't feel very cohesive at the halfway point, which had been mentioned several times on Jon's project leader feedback form.	Jon realized the team had only had one meeting outside of their work sessions. He decided the upcoming preliminary findings presentation was a perfect time to schedule a team celebration. Afterwards, they went bowling and then out on Franklin Street for dinner and drinks.
Procrastination Jimi caught himself putting off the financial model for the preliminary findings deck, even though he knew it was not that difficult considering his modeling experience.	Jimi made a private meeting with Jon to ask if he could have another team member work with him on the modeling. Jimi felt more motivated when he was in a teaching position, so Jon asked Diana to work with Jimi. Diana had identified learning excel as one of her main goals.

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Module 6 - Frame

T E A M

F O C U S

Frame: Rules of Engagement

Identify the key question

Develop the information tree

Formulate hypotheses

Frame: Tactics

Tactic 21 | Identify the key question to drive the project, which should be based upon specific discussions with the client.

Tactic 22 | Document this question, the scope, and the high-level plan of attack in an engagement letter.

Tactic 23 | Specifically identify the temporal (years under study), geographical, and functional areas for the project.

Tactic 24 | Avoid common "Scope Creep," when additional work is added that is beyond the original parameters or is only tangentially relevant.

Tactic 25 | Develop a general hypothesis that is a potential answer to the problem at hand.

Tactic 26 | Develop supporting hypotheses that must be true to support the general hypothesis (for testing).

Tactic 27 | Revisit and revise the hypotheses during the project as data are gathered (prove or disprove them).

Template: Letter of Agreement

TEAM X - Letter of Agreement

SALUTATION

INTRODUCTION

- Opportunities for Improvement
- Fit with Capabilities of Consulting Firm
- Contents of Letter

BACKGROUND

- Understanding of the Situation
- Potential Arenas to Explore
- Qualifications of Consultant

APPRAISAL

- Scope (In and Out of Scope)
- Work Streams
- Sources of Data
- Timeline
- Special Deliverables

ADMINISTRATION

- Cost and Payment Schedule
- Confidentiality
- Cancellation

NEXT STEPS

SIGNATURES:

Consultant   Client

Name_____ Date_____ Position_____   Name_____ Date_____ Position_____

Introduction

Background

Workflow

Administration

Better World Books: Letter of Agreement

September 23, 2009

Mr. Paul Sansone
Better World Books
1105 Lakewood Parkway
Alpharetta, GA 30009

Dear Mr. Sansone:

On behalf of the University of North Carolina's Kenan-Flagler Business School, we are pleased to submit this scope of work document to Better World Books. We will work collaboratively with your team over the coming months to help BWB drive profitability and margin improvement via the expansion of the peer-to-peer buyback program. Our investigation will focus on minimizing capital exposure and personnel risk.

We have already seen the tremendous commitment from your organization to this project and to our effort to assist. Thank you for all of the input and documentation you have provided to date as background for our investigation.

Allow this letter to serve as the formal agreement regarding our project, to accompany our September 4th meeting. We anticipate completion of the project during the week of December 11, 2009.

Our proposal is structured as follows:
- The Project
    - Understanding of the Issues
    - Key Question
    - Proposed Statement of Work
    - Project Scope
- Logistics
    - Approach and Process Map/Schedule
    - Team Summary
- Fees, Terms & Conditions

Better World Books: Letter of Agreement

THE PROJECT

Understanding of the Issues

Better World Books is working to expand a peer-to-peer book buy-back program on college campuses. The company has identified this program as a promising driver of revenue and margin growth as it seeks to compete in a crowded space. The unique aspect of this program is its peer-to-peer nature, featuring the use of students on campus as representatives of BWB to reach their classmates before they go to the bookstore or an online reseller, as well as to reach those students that might not otherwise ever sell a textbook were it not for BWB's active outreach.

Scaling up the program presents several challenges unique to this part of the BWB business model. Recruiting trustworthy and effective personnel, both as campus reps and in administrative functions, poses a serious challenge given that they are entrusted with significant quantities of cash and valuable BWB assets (both acquired books and bar code scanners). Finally, identifying the ideal scope and sequence of the program's rollout is of great importance in order to allow Better World Books to identify the appropriate schools and/or markets to maximize return on investment.

Key Question

How can Better World Books scale up the peer-to-peer buy-back program?

Proposed Statement of Work

Our investigation will seek to address the key question and issues through three streams of analysis:

• Cash and Asset Management

How can we reduce the need for cash and asset exposure, and what processes can reduce the risks associated with that exposure?

• Personnel

What recruiting and screening methods will prove most effective at hiring reps who will perform well, be trustworthy with BWB assets, and retain well?

• Implementation

How can Better World Books implement a rollout strategy that targets the right schools/geographic areas and capitalizes on successes to improve performance in future phases of expansion?

Better World Books: Letter of Agreement

Project Scope
- The following topics are considered "in scope" for this project:
    - o Primary research to include focus groups, surveys and interviews with subject matter experts.
    - o Development of a model for data collection/analysis to accompany phases of rollout.
    - o Issues related to cash distribution, asset management/collection, personnel issues including recruiting, assessment/selection, training and compensation.
    - o Data collection to guide decision-making regarding school/regional choices.
    - o Marketing strategy as it relates to recruiting.
- The following topics are "out of scope" for this project:
    - o Logistics/supply chain (except intra-campus).
    - o Book selection/pricing.
    - o Conducting a pilot test at UNC.
    - o "Real-time" implementation of project recommendations with existing pilots.
    - o Marketing strategy for book buy-back and website.

LOGISTICS
Approach and Schedule
    We will conduct this investigation in accordance with the TEAM FOCUS framework established in Dr. Paul Friga's *The McKinsey Engagement*. TEAM FOCUS is a deductive approach to problem-solving which uses hypotheses to guide the data collection process. Our approach is divided into four major phases:
- Phase One – Framing the key question(s) and analysis needed to arrive at an answer.
- Phase Two – Organizing and collecting data as needed to support or disprove team's hypotheses.
- Phase Three – Understanding the data and what conclusions can be drawn about the best approach to help solve the client's key issues.
- Phase Four – Synthesizing the first three phases into a coherent strategy and accompanying action plan.

Our final presentation during the week of December 11, 2009 will summarize our findings and recommendations. We will provide to you several bound copies of the presentation in annotated form. We will also provide a CD which contains all PowerPoint presentations delivered during the project, associated data, and any Excel models created in support of the project.

Better World Books: Letter of Agreement

Successfully completing a project of this magnitude required extensive collaboration with and support from the BWB team. Key deliverables, their approximate timing and the expected attendees at associated meetings are summarized below:

Timing	Meeting	Objectives	BWB Attendees
September 4th	Kickoff	-Introduce team -Confirm objectives and approach -Reach agreement on scope and deliverable timing	Patti Labelle Steven Tyler
September 23rd	Working Meeting / Interim Findings Check-in	-Share insights gained through initial data collection -Share plans for primary research data collection	Patti Labelle John Lennon Steven Tyler
Week of October 9th	Preliminary Findings	-STAR team presents findings from primary research -Results of hypothesis testing -Finalized path for remaining exploration	Patti Labelle Steven Tyler
Week of November 13th	Revised Storyline	-Present draft recommendations, with snapshot of support -Secure client approval of project direction	Pattie Labelle Steven Tyler
Week of December 11th	Final Report	-Present final recommendations with full supporting data -Present action plan for implementation of recommendations -Deliver hard copies of presentation and soft copies of all data/models -Receive client evaluation of project	Pattie Labelle Steven Tyler John Lennon

Team Summary

Jon Bon Jovi, a second-year MBA student, will lead the team. He will do so under the supervision of Dr. Paul Friga, director of the Management Consulting concentration and formerly a consultant with both McKinsey and PriceWaterhouseCoopers. Additional quality control is provided by Steve Jones, who has served as Dean of the Kenan-Flagler Business School and as a consultant with McKinsey. Diana Ross is a second-year student in the BSBA program, and a research assistant to Dr. Friga. Freddy Mercury is a second-year MBA student with 7 years of consulting experience, most recently with BearingPoint. Jimi Hendrix has well-developed research skills thanks to a varied background in business. Stevie Nicks is a dual-degree student earning an MBA from Kenan-Flagler and a Master's in Environmental Management from Duke University's Nicholas School. She also brings extensive sustainability consulting experience to her role on the team.

Better World Books: Letter of Agreement

Fees, Terms and Conditions

This project is conducted by the Kenan-Flagler Business School as part of its educational program. In addition to the client contribution of $2,500 to which you have committed, your primary contribution is your time and guidance to the team. Expenses incurred for the direct benefit of the client are only to be billed if there is a prior written agreement with the client.

Better World Books is expected to provide access for the student team to data and personnel necessary to perform the tasks. The management team members of the client's organization are expected to participate in all major interchange meetings as specified in the proposal. These and other client support requirements for the project are specified in the following paragraphs.

- The client is required to supply or make available, to the best of their ability, the following:
  o Reports: internal, market, analyst, and industry association reports
  o People of interest within client organization
  o Customers: past, present, repeat, and rebound customers
  o Access to industry experts
- This work is to be conducted under the terms of the enclosed Confidentiality Agreement that governs protection of the client's proprietary material. The agreement also covers restrictions in the use of the student reports by the University.

This project is conducted on a best efforts basis by the student team in accordance with the project plan. The University offers no warranty of the quality of the student product, nor bears responsibility for the consequences of actions resulting from execution of the project recommendations by the client. We pledge to bring our best talents and the appropriate resources of the University to help us add value to your enterprise.

Please contact us if any questions arise over the course of the project. Questions on the project approach should be directed to the project leader, Jon Bon Jovi, at jon.bonjovi@unc.edu or 617-910-7511. Questions on other aspects of the proposal should be directed to the STAR professor, Dr. Paul Friga at pnf@unc.edu or 919-962-3786 or to STAR Program Manager Debbie Williams at drw@unc.edu or 919-962-8840.

_____   _____   _____
Jon Bon Jovi   Date   Dr. Paul Friga   Date   Paul Sansone, CFO   Date
                                                                                     Better World Books

Better World Books: Key Question and Scope

How do we scale up the P2P Buy-back program?

In Scope

- Recruiting/personnel selection

- Cash management

- Primary research – may include student surveys, focus groups

- Developing a model for data collection and analysis as program scales up

Out of Scope

- Operational issues

- Book selection and pricing

- Pilot test at UNC

- Supporting implementation of recommendations prior to conclusion of project

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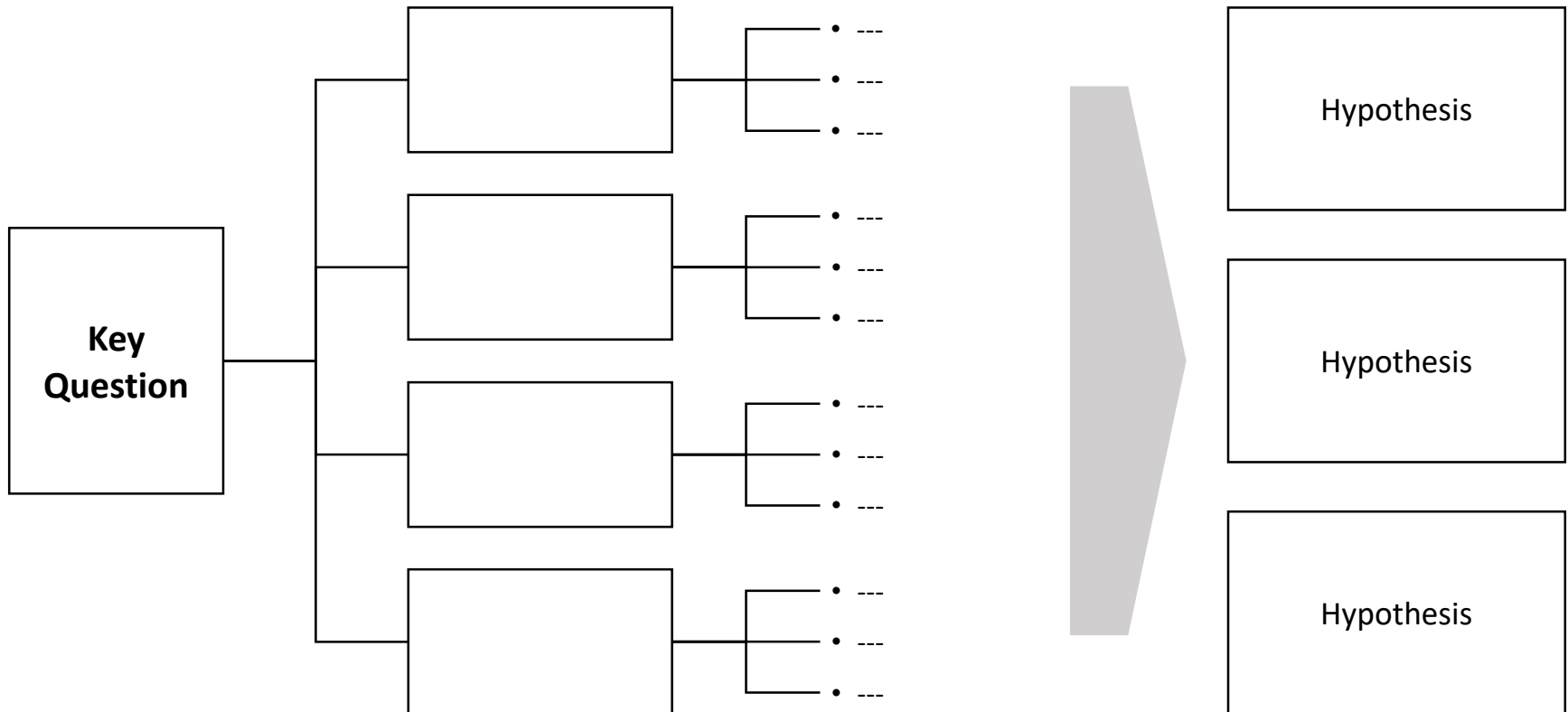# Template: Frame

1. Identify key question	2. Develop information tree	3. Formulate hypotheses

Key Question

- ---
- ---
- ---

- ---
- ---

- ---
- ---
- ---

- ---
- ---
- ---

Hypothesis

Hypothesis

Hypothesis

Better World Books: Frame Process

2. Develop information tree

3. Formulate hypotheses

How do we scale up the P2P Buy-back program?

Company
- Operations
- Financials
- Objectives

Customers
- Targets
- Quantity
- Needs

Suppliers
- Identification
- Strategies
- Response

Macro Forces
- Sustainability
- Literacy
- Education

Free up cash

Hire personnel

Implement quickly

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Module 7 - Organize

TEAM

FOCUS

Organize: Rules of Engagement

Develop a high-level process map

Create a content map/analytical plan

Design the storyline

Organize: Tactics

Tactic 28 | Maintain objectivity as the hypotheses are tested during the project.

- -

Tactic 29 | Use frameworks as a starting point to identify issues for analysis.

- -

Tactic 30 | Explicitly list the types of analysis and related data that the team will and will not pursue.

- -

Tactic 31 | Revisit this list if the hypotheses are modified.

Template: Process Map

TEAM FOCUS

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Month 1	**Month 2-3**	**Month 4**	**Month 5-8**	**Month 9**

• Detail • Detail • Detail	• Detail • Detail • Detail	• Detail • Detail • Detail	• Detail • Detail • Detail	• Detail • Detail • Detail

Deliverables

• Deliverable • Deliverable	• Deliverable • Deliverable	• Deliverable • Deliverable	• Deliverable • Deliverable	• Deliverable • Deliverable
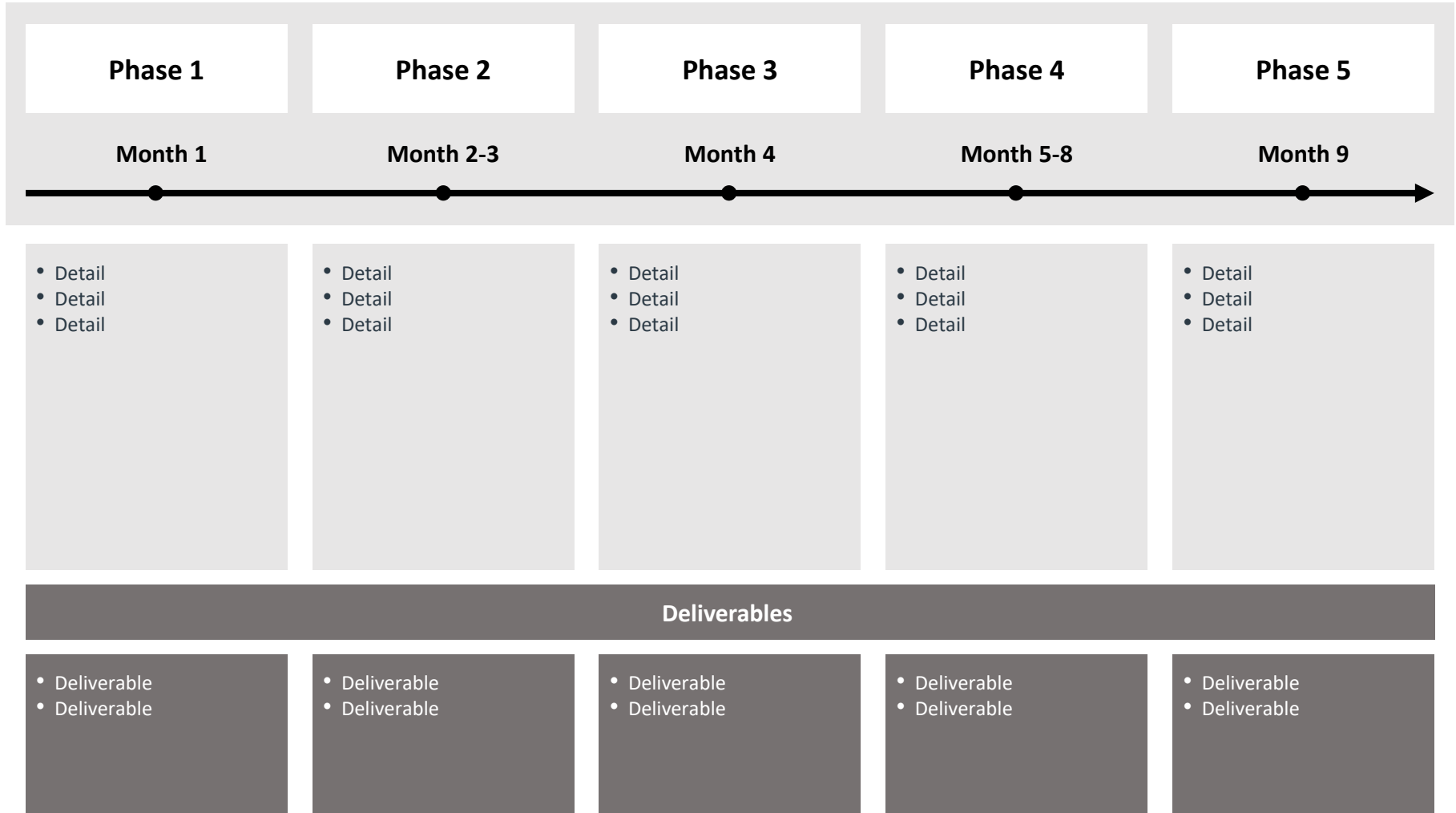
Template: Content Map/Analytical Plan

Key Question:				
Hypothesis	**Support**	**Analysis**	**Data Needed**	**Sources**
Hypothesis 1	• One • Two • Three	• One • Two • Three	• One • Two • Three	• One • Two • Three
Hypothesis 2	• One • Two • Three	• One • Two • Three	• One • Two • Three	• One • Two • Three
Hypothesis 3	• One • Two • Three	• One • Two • Three	• One • Two • Three	• One • Two • Three

Template: Storyline

Agenda	Background	Executive Summary	Transition
Main Point 1	Supporting Slide(s)	Main Point 2	Supporting Slide(s)
Main Point 3	Supporting Slide(s)	Conclusion	Wrap-Up and Q&A
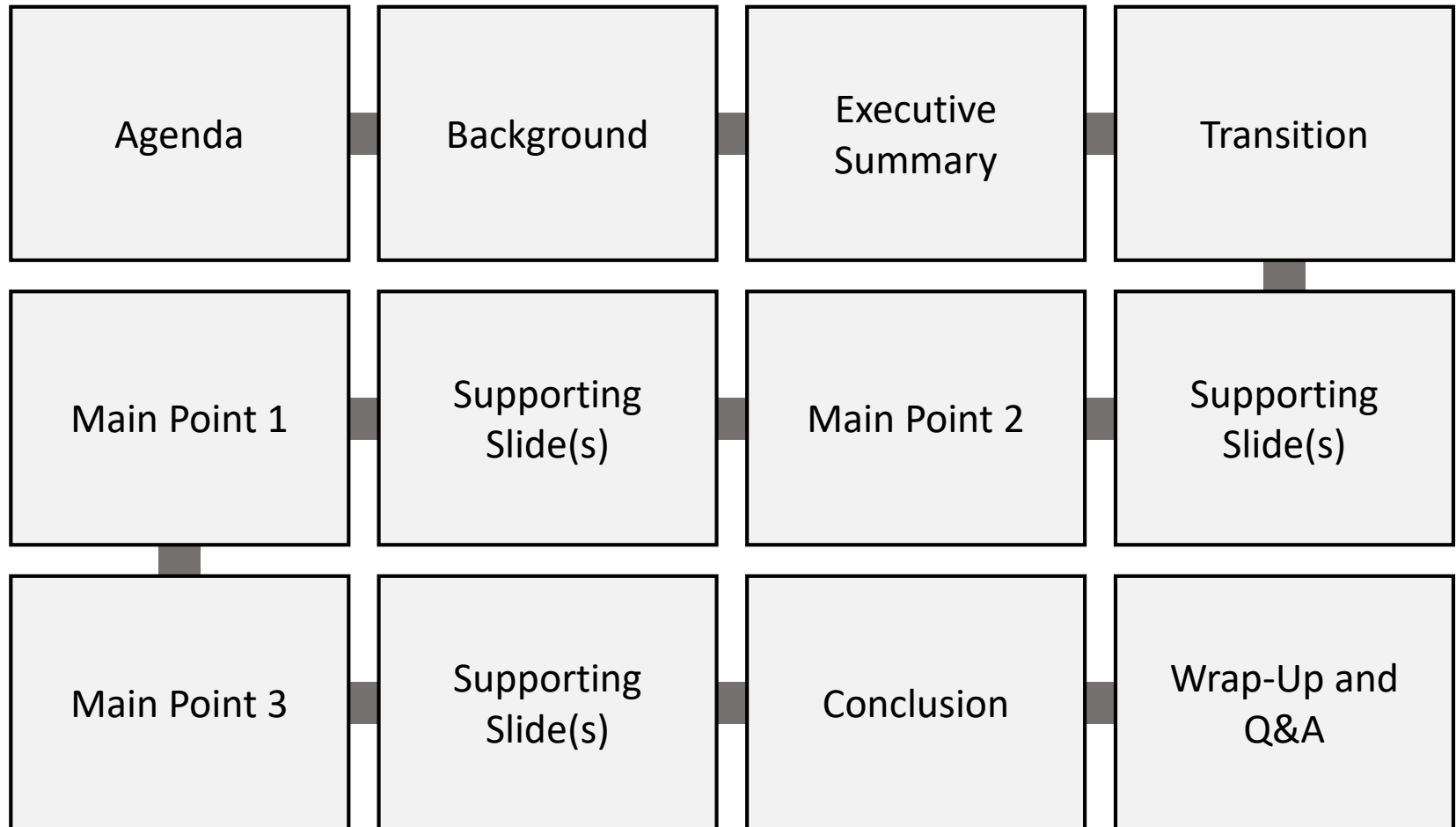
Better World Books: Process Map

Prepare	Frame & Organize	Collect	Understand	Synthesize
December-January	January-February	February-March	March-April	April-May

- Connect as a team
- Make initial contact with Faculty Advisor and Corporate Partner
- Conduct initial research on company
- Engage in thinking time
- Read McKinsey Engagement

- Obtain project overview & basic data from Corporate Partner
- Confirm goals & approach
- Set dates for meetings
- Prepare initial hypotheses
- Plan data collection

- Collect primary and secondary research to test initial hypotheses
- Connect with CP to discuss insights, research and ideas
- Work through 360 Mid-term Assessment feedback as a team

- Gather additional data
- Present initial recommendations
- Confirm final presentation date and location
- Secure CP buy-in on project direction

- Wrap up project items
- Layout next steps for client
- Receive final client feedback
- Submit all documents on Canvas and share with CP on thumb drive

Deliverables

- Team Charter
- Kickoff Deck
- Individual submissions of research and brainstorming

- Scope of work
- Analytical Plan
- Finalized Kickoff Deck

- Preliminary Findings Deck
- Midterm 360 Assessment
- Green Team Review

- Storyline Document
- Rough Draft of Final Presentation
- Red Team Review

- Blue Team Review
- Final Presentation Deck
- Final 360 Assessment
- Reflections Paper

Better World Books: Content Map/Analytical Plan

Key Question: How do we scale up the P2P Buy-back program?

Hypothesis	Support	Analysis	Data Needed	Sources
Free up cash	• Room to reduce cash requirements • Plan for spending available cash	• Determine current cash use • Determine areas of extraneous cash use • Consider current company organizational structure • Find largest value-added areas	• Financial analysis • Operational overview • Comparable value analysis • Investment impacts	• Financial statements • Comparable companies analysis • BWB interviews • Investment impact analysis
Hire personnel	• High quality candidates can be found • There is a best hiring methodology	• Consider current company organizational structure • Compare current hiring practices with best hiring practices • Analyze pool of potential candidates at various schools	• Organizational analysis • Current hiring benchmarking • Hiring research • Potential personnel comparison analysis	• Google Scholar interview research • BWB interviews • Candidate interviews • Previews personnel feedback
Implement quickly	• It is financially possible • There is significant competition • A large market	• Financial analysis of current assets available on hand • Determine competitive targets • Benchmarking of the market • Compare implementation best practices to current capabilities	• Financial analysis • Market analysis • Implementation best practices research • Organizational analysis of target schools	• Financial statements • Comparable companies analysis • Google Scholar • Target school websites and COO's

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Better World Books: Draft Storyline

How do we scale up the P2P Buy-back program?

- **Free up cash**
  - Conversion cycle
  - Cash security
  - Initial outlay
- **Hire personnel**
  - Recruiting
  - Selection
  - Retention
- **Implement quickly**
  - Scale of Launch
  - School Selection
  - Financial Projections

BetterWorldBooks®
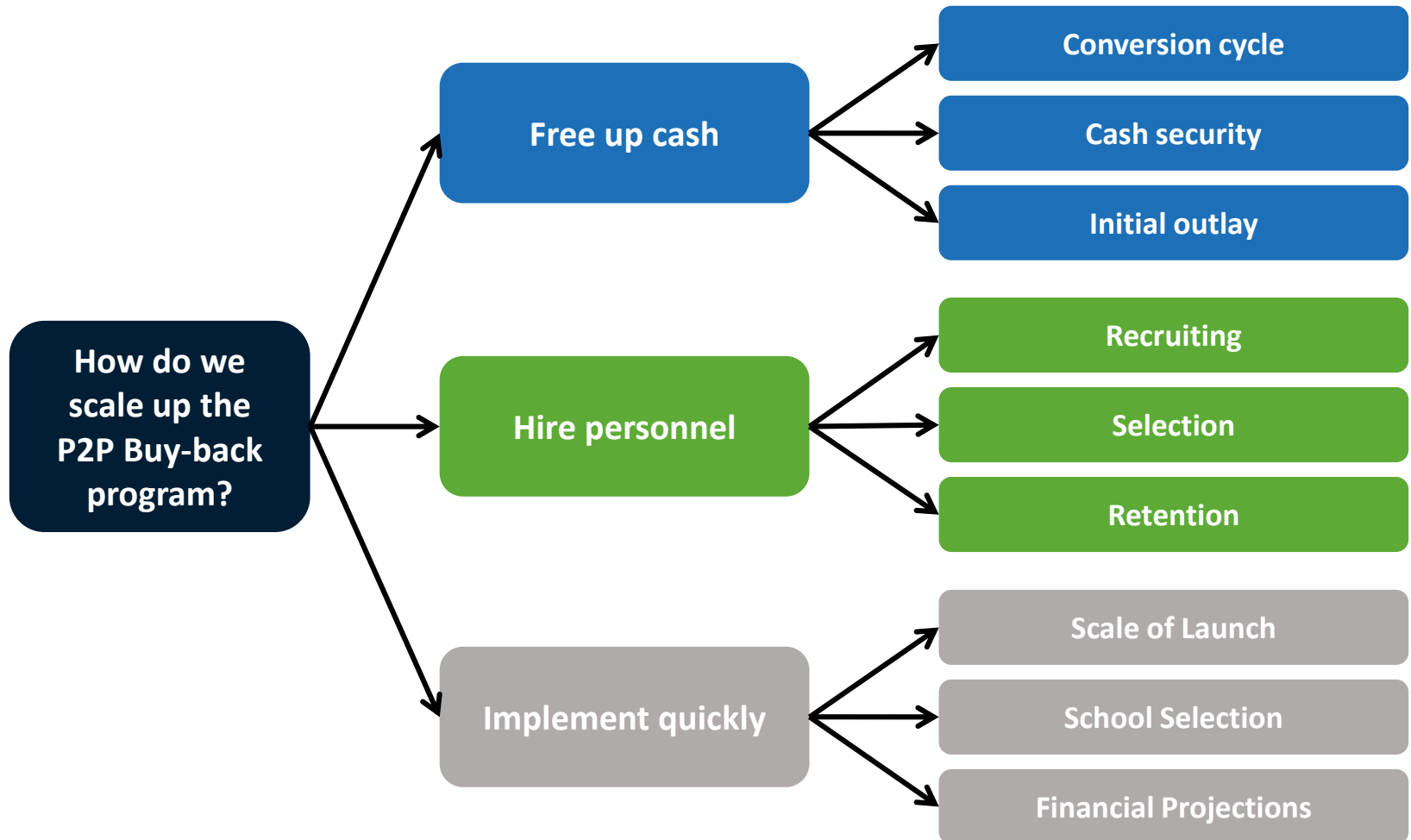
Module 8 - Collect

TEAM

FOCUS

Collect: Rules of Engagement

Design 'ghost charts' to exhibit data

Conduct meaningful interviews

Gather relevant secondary data

Collect: Tactics

Tactic 32
Design ghost charts to exhibit the necessary data relevant to the overall story.

Tactic 33
Always cite the source of data on each chart created.

Tactic 34
Use primary research and especially personnel interviews - document interview guides ahead of time and share the insights with the team in written form within 24 hours.

Template: Interview Guide

Interviewee:	Project:
Interviewer:	**Date:**

Background	
Introduction	
Key Questions	

We focused our data collection on iterative hypothesis testing

What information do we need?

Hypothesis

Data

What information do we have?
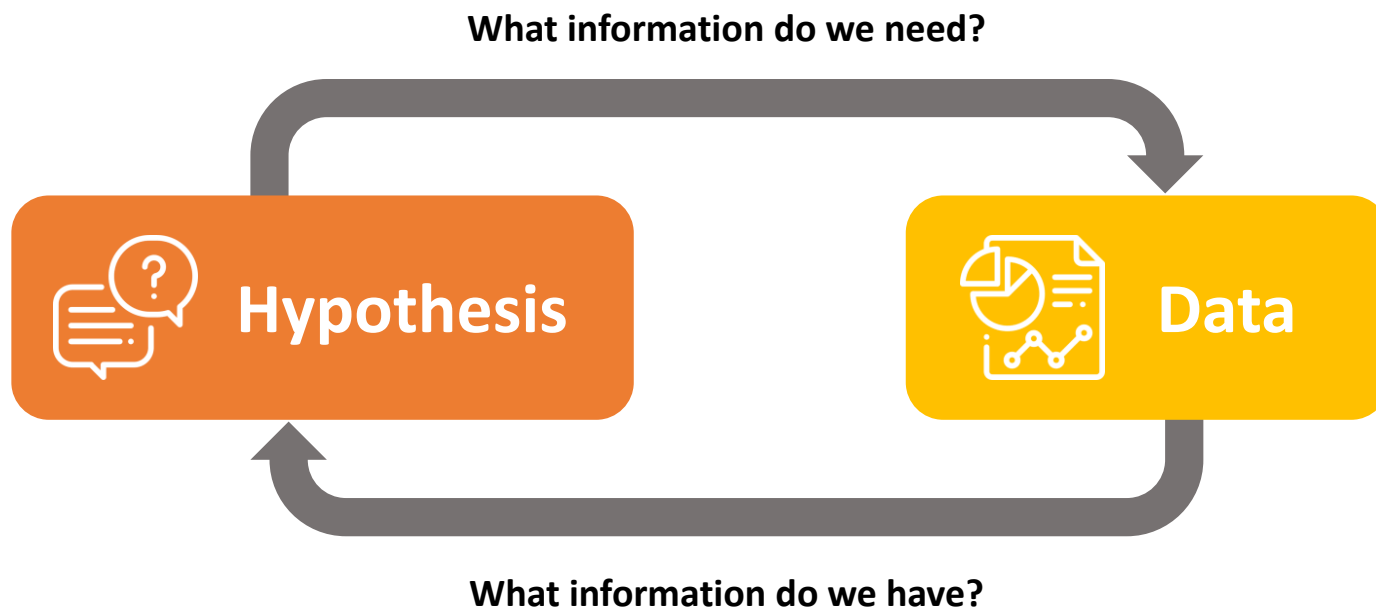
We employed a balance of primary and secondary data

All Data Sources

Primary data sources

Qualitative or Quantitative	Observation
Ethnography or watching others experience the product, "sampling product" yourself, Web site and social media analysis and reviews	Individual and focus group interviews; Surveys (online panel, email, phone, consumer tracking panels)

Secondary data sources

Inside company	Outside company
Company files, intranet, reports, marketing information system, people, sales, cost data	Internet, libraries, governments, trade associations, universities, private research organizations, writers, reporters, industry analysts

Our interviews and focus groups were critical sources of key data

Interviews and Focus Groups can be useful to

- Generate hypotheses
- Structure questions and responses for surveys
- Develop new product concepts
- Pretest new products
- Generate ideas
- Interpret quantitative results after a survey
- Get feedback on different concepts and competing strategies
- When managers do not know what to do…

Interviews and focus groups can also be useful to

- Find out who in the organization has other data
- Establish rapport and develop client buy in
- Acknowledge the political reasons – someone should be heard
- Establish relationships for future work
- Learn about the culture (readiness for change)

Interview Guidelines

Prepare

- Carefully select who you want to interview
- Design a focused interview guide

Conduct

- Try to make an interpersonal connection
- Organize notes by key topics or areas
- Leave space before moving on to the next question
- Close by asking if there is any additional information they may have to add

Conclude

- Thank them for their time and invite further contact
- Compile notes and create key takeaways
- Promptly send a thank-you note

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We had access to a wide variety of electronic databases and research tools

General Focus
- **Business Source Premier** – Provides indexing, abstracting, and articles from press and trade publications as well as business journals.
- **Factiva** - Includes full text without graphics from major newspapers and business sources. Free Wall Street Journal publication.

Company Focus
- **OSIRIS** - Contains information on more than 65,000 of listed (publicly traded) companies.
- **ORBIS** - Has information on over 102 million public and privately held companies.
- **ReferenceUSA** - Provides directory information on U.S. businesses, U.S. residents, and U.S. health care providers.
- **Net Advantage** – Provides information on public and large private companies.
- **Thomson One** - Contains the full-text, including tables, charts and other graphics, of industry and company reports. Internet Explorer only.

Country Focus
- **Country Commercial Guides (CCGs)** - Uses economic, political and market analysis to give an in-depth look at commercial environment.
- **World Development Indicators (WDI) online** – Has population, environmental and economic measures for over 226 economic entities.

Consumer Focus
- **SimplyAnalytics** - A web-based mapping application that create professional-quality thematic maps, reports, and ranking of geographic areas.

Industry Focus
- **BizMiner** - Reports on lines of business (NAICS codes) in national and local markets. Includes industry financials and market research.
- **Frost and Sullivan** – Offers technical, economic, and market analysis reports on emerging high-technology and industrial.
- **Passport GMID** - Contains 6 years of historical and 5 years of forecasts of market size data for 330 consumer products.
- **IBISWorld Industry Reports** - Covers industry conditions, performance, key sensitivities, success factors, segmentation, size, trends, and outlook.
- **Mintel Oxygen** - 1300 reports into European, UK-specific and US consumer markets every year. Good Graphics.

Other Resources
- **LexisNexis Academic** – Has regional, national, and international news, company news and financial information, and legal information.
- **Statista** – Very Broad database of information from many sources. Great starting point for research.
- **Bureau of Economic Analysis** – Includes international, national, and regional economic statistics.
- **Bureau of Labor statistics** - Has statistics on employment, productivity, inflation, consumer spending, wages, and earnings of U.S. economy.
- **US Census Bureau** - A major statistics site containing all kinds of statistics covering a wide range of subjects.

Some of our favorite research came from consulting firm publications

Published Consulting Insights

Many large consulting firms regularly publish current insights on a wide variety of topics. These insights have compiled data and clear descriptions that can be helpful for informing an academic case.

Google: "Consulting firm name" "Topic" "pdf"

- -

Google Scholar

Once connected to the university library, google scholar is a great tool for finding original research articles for more in-depth analysis. Typically good for longer projects that may be informed by academic research.

- -

HBR Cases

HBR cases specific to your industry or company can be useful resources, however you will have to purchase them as they are not readily available through the university.

Identify the 'so what(s)'

Think through implications to all constituents

Document key insights on charts

Tactic 35 | Ask "so what" to sort through the analysis to find out what is ultimately important.

Tactic 36 | Estimate the impact of the recommendations on the client's operations.

Template: Final Slide

Title = the "so what" →

THE MARKET IS GROWING RAPIDLY

Graph name →

Total Market Revenue

Units →

US $ billions

"Kicker" calls out additional points →

CAGR = 12%

4.2 — 2014
5.3 — 2015
6.2 — 2016
6.9 — 2017
7.3 — 2018
7.5 — 2019

Source →

Source: XYZ research report; estimate for 2019 from ABC report

37

Slide number →
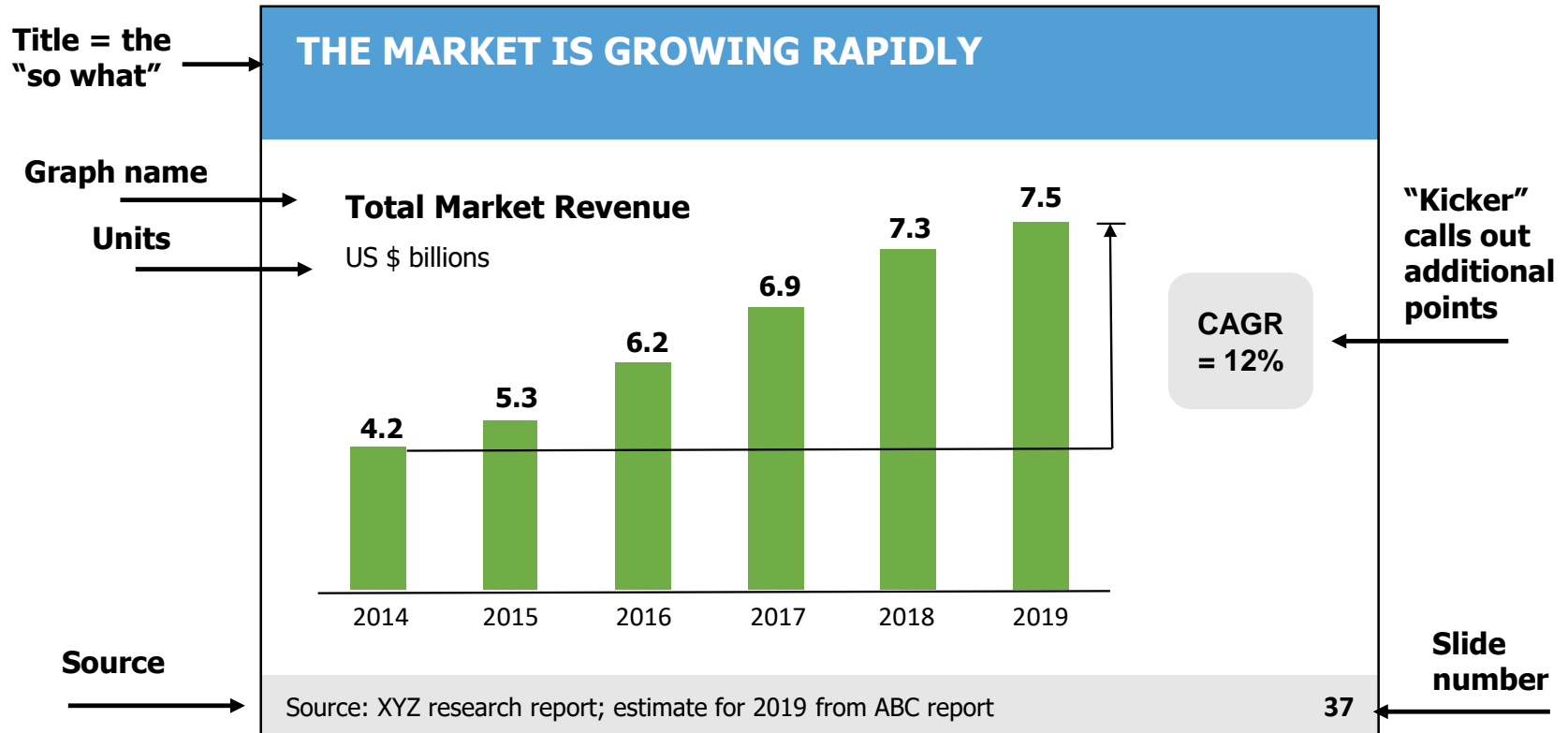
Less is more … only show essential information

- Example of removing unnecessary graph content
  http://i.imgur.com/RzYaLZg.gif
- Icons that can be used in slides decks www.flaticon.com

Template: Chart Decision Making
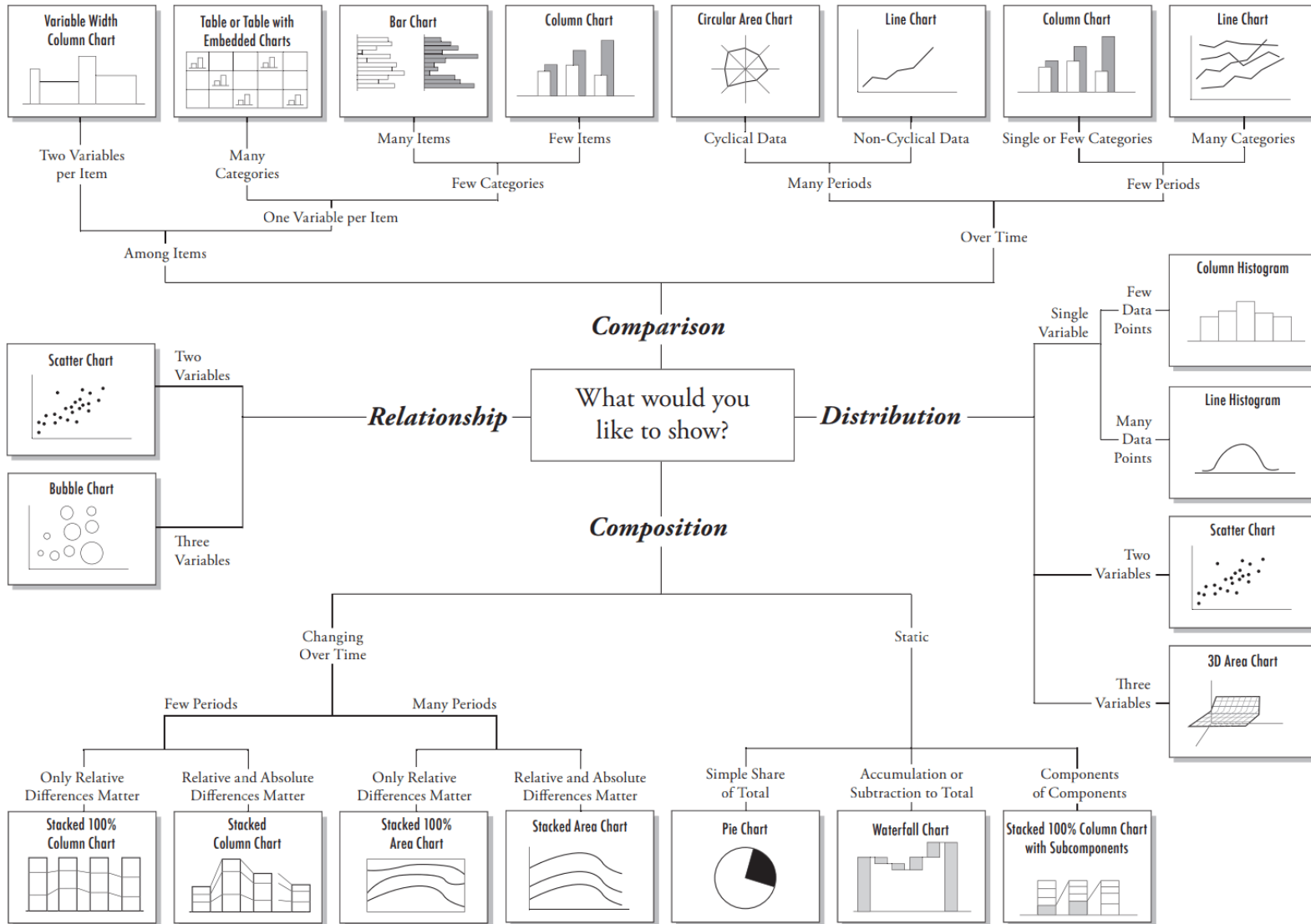
Better World Books
Peer-to-Peer Buy-back Program
Preliminary Findings Meeting

UNC Kenan-Flagler Business School
STAR Domestic Business Program
October 8, 2009

BetterWorldBooks®

Agenda

Assets

- BWB has solid asset management strategies in place
- Gift cards look to be a viable form of non-cash payment
- We will survey students to determine preferences and tendencies

Personnel

- Asset controls shift the focus to finding effective, motivated buyers
- The student job environment could make recruiting and training prohibitively expensive
- We will recommend a strategy for using groups as personnel source

Implementation

- We will provide guidance for next stages in rollout
- Further stages will involve iterative data collection/refinement of strategy

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Assets

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BWB has designed most of the asset management risk out of the system

Assets

Conversion Cycle

BWB has been able to sell books "early" through aggressive discounting.

Asset Security

Cash flight risk limited to one "cycle" because books must be checked in before more cash disburses.

Initial Outlay

BWB uses the Area Director as a central cash distribution point, helping to minimize initial cash outlays.

Initial research shows that gift cards can be an effective form of non-cash payments

Expected Gift Card Spending - 2008
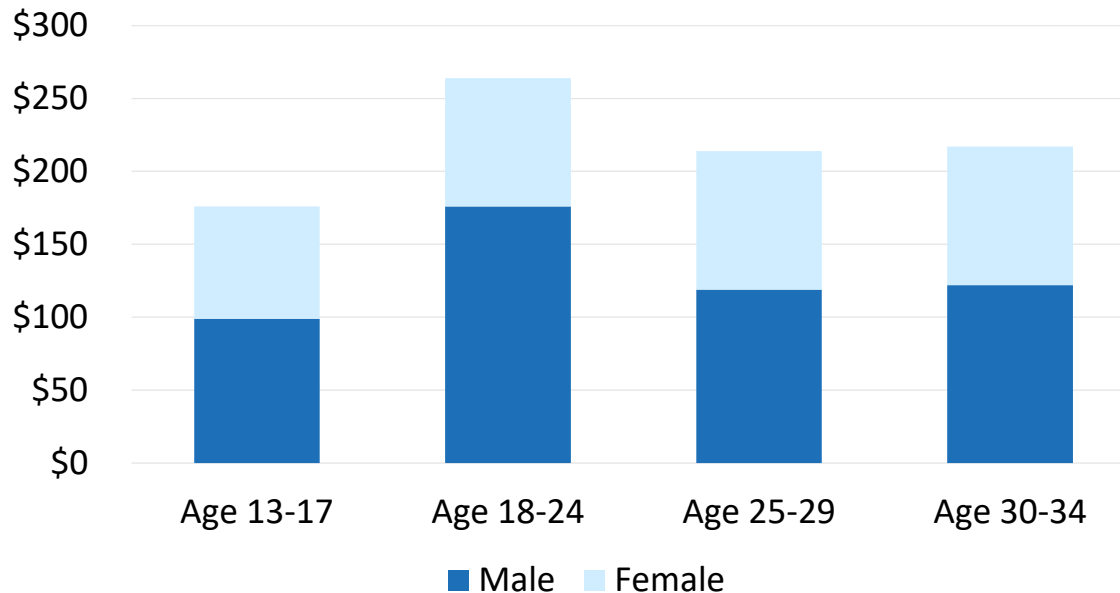
College-aged men and women planned to spend ~25% more on gift cards than other age groups, suggesting that college students will find value in BWB gift cards.

BWB can reduce the overall level of cash that P2P buyers require by offering gift cards as payment. Gift cards will defer expense recognition and increase brand recognition.

Source: Archstone Consulting and Youth Markets Alert

Gift card users tend to spend more than the initial value of the gift card

% of Respondents Spending More Than Card Value
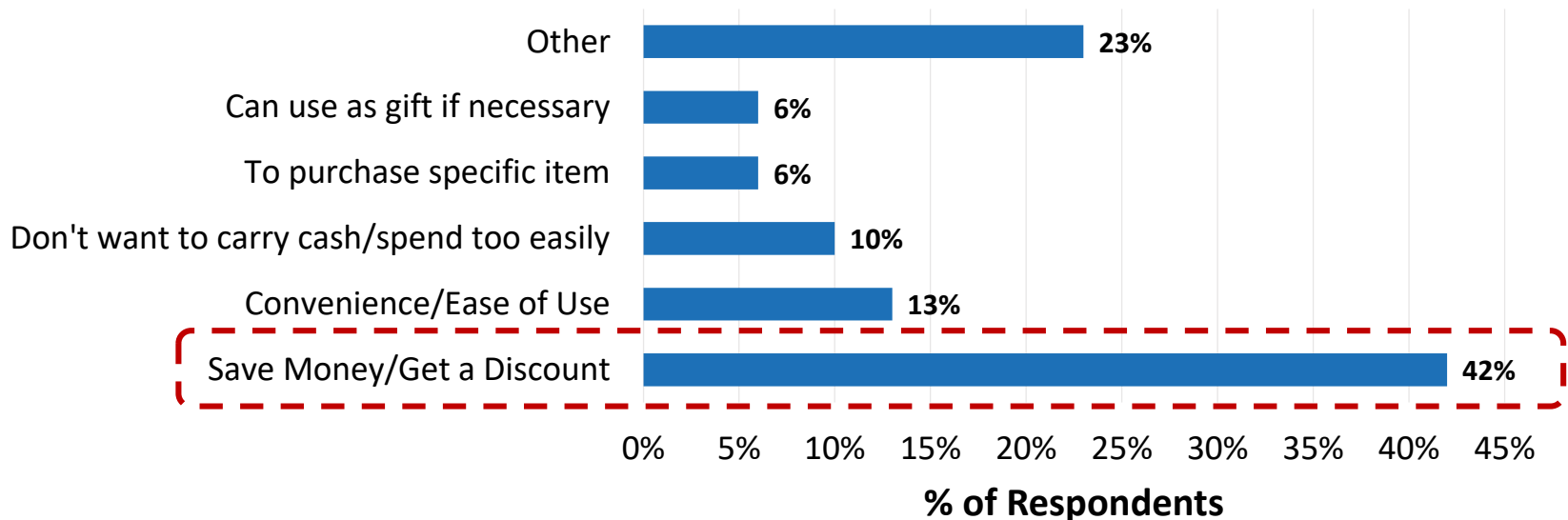*(766 Consumers Surveyed in 2007)**
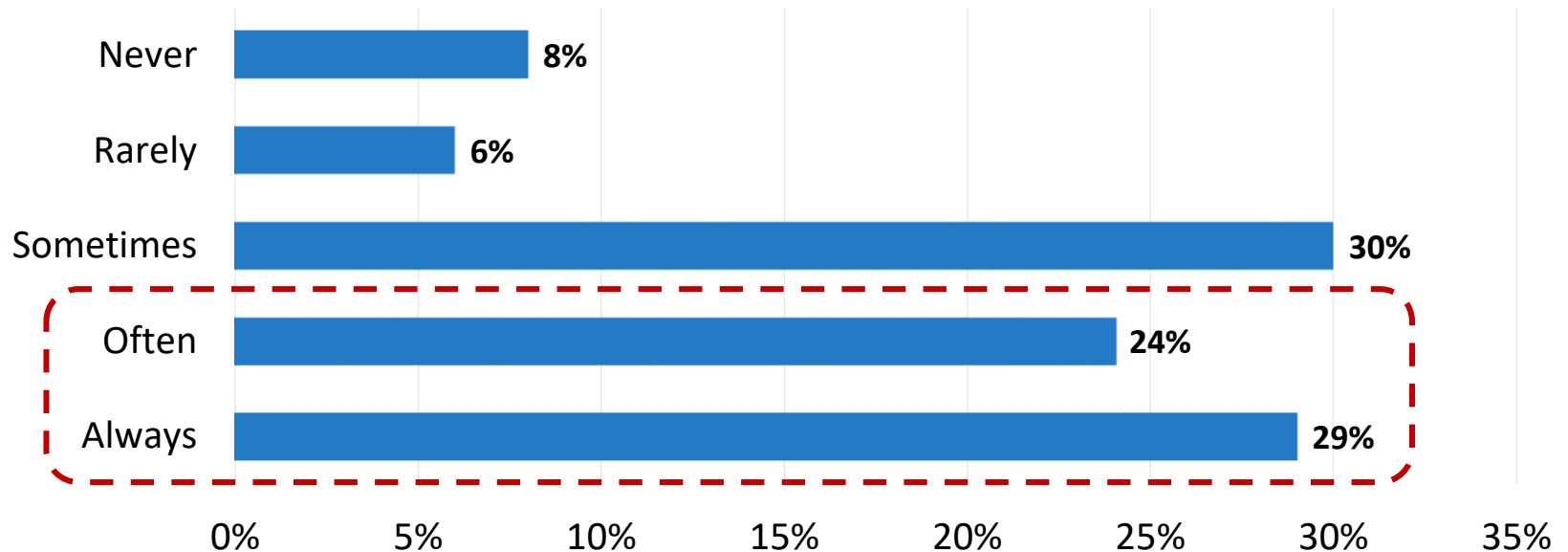
Gift cards will drive additional website purchases. 20% of respondents report receiving a gift card from a company they did not normally frequent and becoming a regular shopper.

*Figures may not add to 100% because of rounding errors.

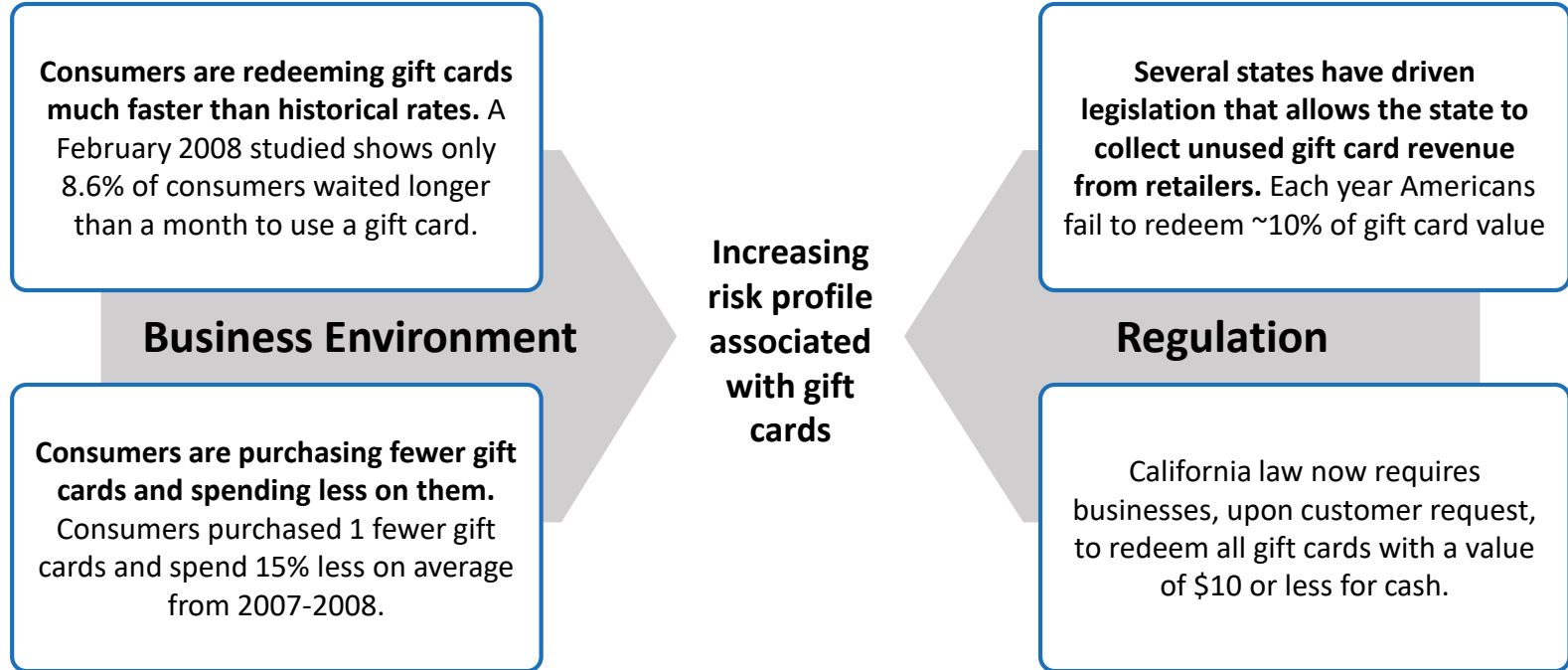# Discounts or premiums can be useful tools to drive gift card acceptance

Reasons for Purchasing Gift Cards
(257 Consumers Surveyed in 2007)

Bar chart — % of Respondents:
- Other: 23%
- Can use as gift if necessary: 6%
- To purchase specific item: 6%
- Don't want to carry cash/spend too easily: 10%
- Convenience/Ease of Use: 13%
- Save Money/Get a Discount: 42%

% of Respondents

42% of consumers purchase gift cards for personal use. We will test if discounts or premiums will incent students to accept gift cards as payment.

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Assets | Personnel | Implementation

Gift cards are attractive despite business and legislative risks

Consumers are redeeming gift cards much faster than historical rates. A February 2008 studied shows only 8.6% of consumers waited longer than a month to use a gift card.

Business Environment

Consumers are purchasing fewer gift cards and spending less on them. Consumers purchased 1 fewer gift cards and spend 15% less on average from 2007-2008.

Increasing risk profile associated with gift cards

Several states have driven legislation that allows the state to collect unused gift card revenue from retailers. Each year Americans fail to redeem ~10% of gift card value

Regulation

California law now requires businesses, upon customer request, to redeem all gift cards with a value of $10 or less for cash.

Gifts cards remain a viable option for BWB because of their potential to drive increased sales and brand recognition.

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Assets | Personnel | Implementation

We will conduct student surveys and operational analysis in the coming weeks

Analysis

Sample Data Outputs

Conversion Cycle

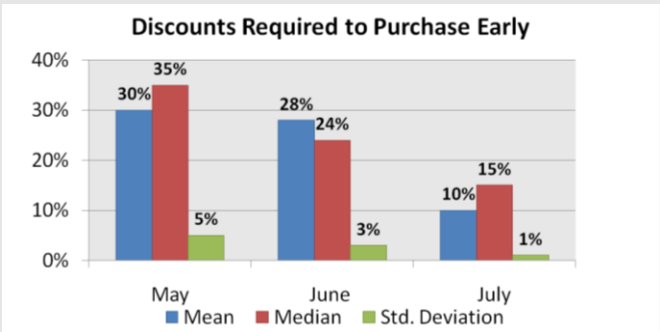Survey students to determine what discounts they would require to buy "early"

Asset Security

Survey students to determine what they would require to accept non-cash payments

Conversion Cycle

Use operational theory to determine the optimal level of cash required for each buyer

Discounts Required to Purchase Early

	May	June	July
Mean	30%	28%	10%
Median	35%	24%	15%
Std. Deviation	5%	3%	1%

■ Mean ■ Median ■ Std. Deviation

Daily Buyer Cash Usage and Limits
(Sample data: For illustrative purposes only)

$ Used

Time

— Cash Used — Daily Cash Limit

Assets   Personnel   Implementation
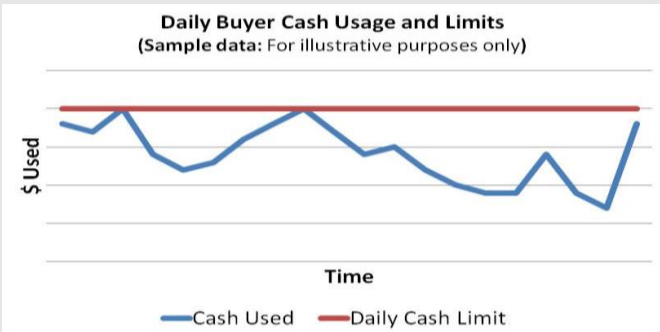
Personnel

Assets

- BWB has solid asset management strategies in place
- Gift cards look to be a viable form of non-cash payment
- We will survey students to determine preferences and tendencies

Personnel

- Asset controls shift the focus to finding effective, motivated buyers
- The student job environment could make recruiting and training prohibitively expensive
- We will recommend a strategy for using groups as personnel source

Implementation

- We will provide guidance for next stages in rollout
- Further stages will involve iterative data collection/refinement of strategy

Finding the right people is critical to the P2P buy-back program

Personnel

Recruiting

Campus outreach strategy controlled by area director, campus captain

Selection

Trustworthiness is less critical due to asset controls; utilize iterative model to predict successful hires

Retention

Cash incentives (volume, quality, etc.) and "buddy system" already in place

Recruiting

Recruiting

Recruiting in partnership with campus groups aligned with BWB's mission will improve applicant **yield** and **quality**

Selection

Retention

Find the 'right' people earlier by reaching out to groups, leveraging a group as a buyer

Campus Groups

Option 1

Entrepreneurial individuals become buyers

Option 2

Group runs buyback as fundraiser similar to book drives

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Assets | Personnel | Implementation

Typical campus recruiting is unfocused and yields too wide a range of applicants

Applicants per Campus Job Type
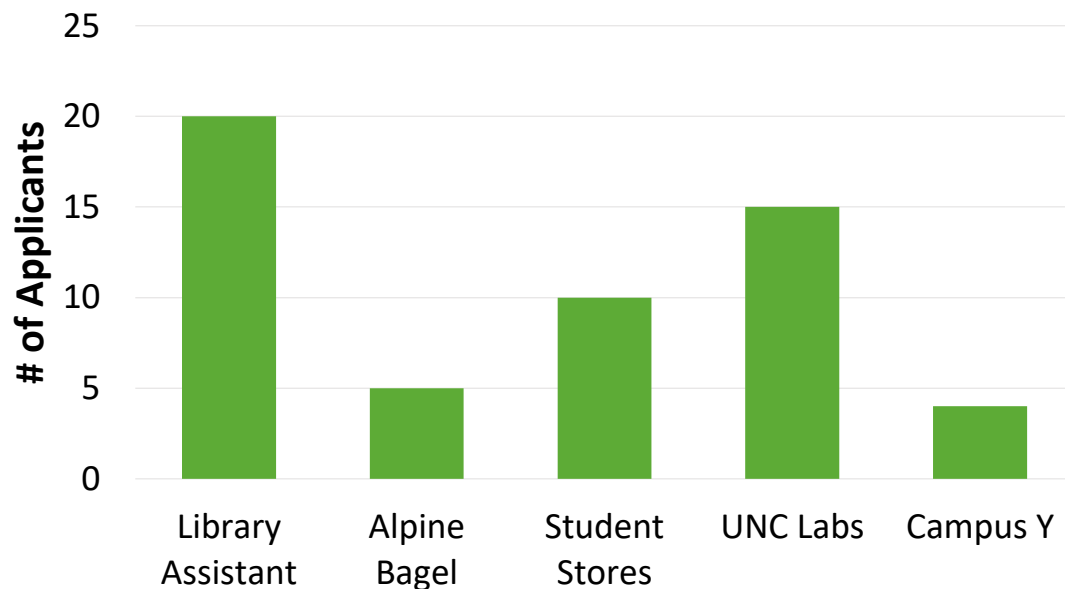
Advertising typically done through list servs, central campus job board

Implies ample "supply" of students looking for campus jobs

"Listserv" style recruiting will generate up to 20 applicants per position and increase time and expense of interviewing

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Assets | Personnel | Implementation

Interviewing is costly: minimize lost revenue by targeting recruiting efforts

Opportunity Cost

	Prep	5 buyers	10 buyers	15 buyers
Area Director		$1,500	$3,000	$4,500
Campus Captain		$750	$1,500	$2,250

Interviewing

■ Campus Captain   ■ Area Director
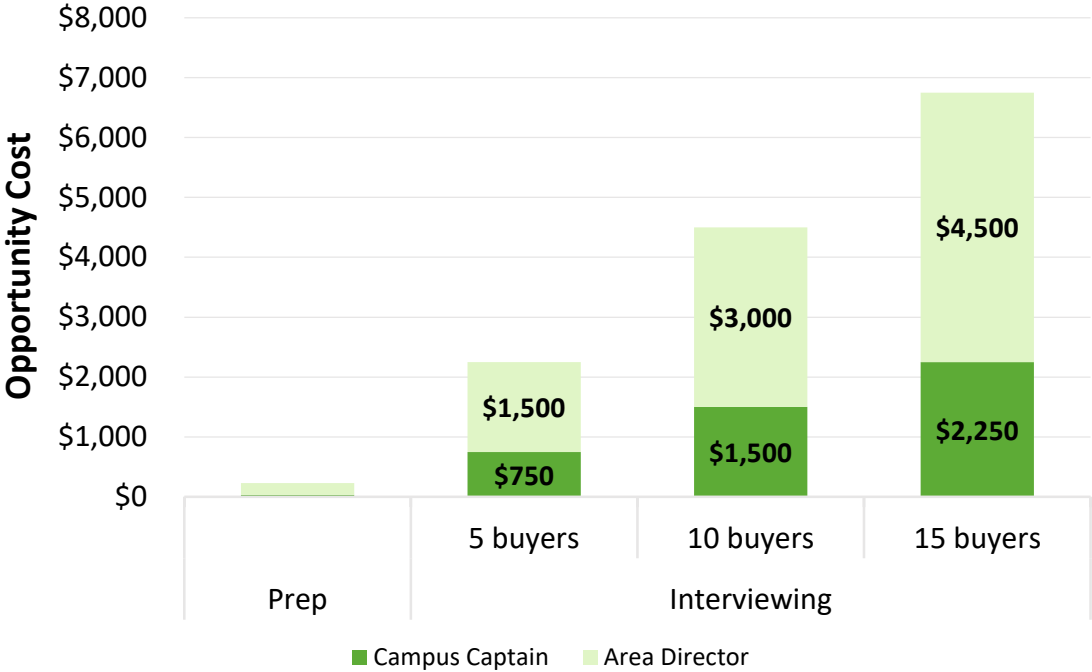
Even with conservative assumptions, recruiting buyers is costly

BWB should focus on finding the right people as quickly as possible to minimize recruiting expense

Recommendation: Recruit student buyers by strategically reaching out to campus groups

Group Characteristics

- Size

- Mission/Type

- Funding needed per year

- Past fundraising success

- Greek Life

Labor requirement per dollar raised

Applicant quality

Group motivation

Implied motivation and organizational skill

Already have charity and fundraising events

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Assets | Personnel | Implementation

Group as buyer? In general, student group fundraisers pay workers minimum wage

Volleyball Games
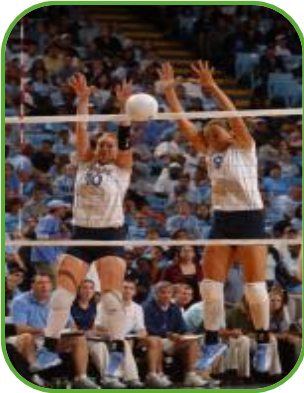
Dean Dome Cleanup

Football Games

P2P Buy-back

$ 5.00/hr

$ 8.00/hr

$ 7.00/hr

$ 13.21/hr

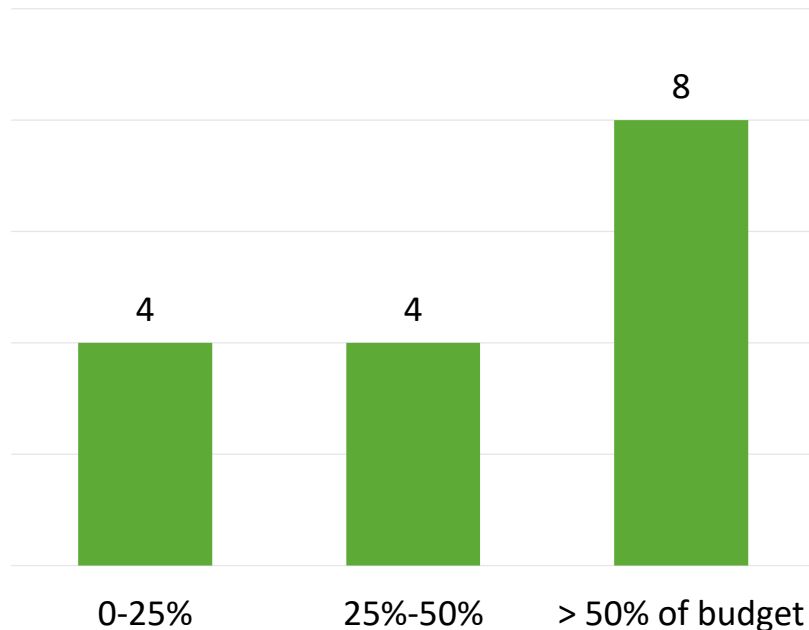Source: BWB pilot data

Source: UNC Student Interviews

| | Assets | Personnel | Implementation |
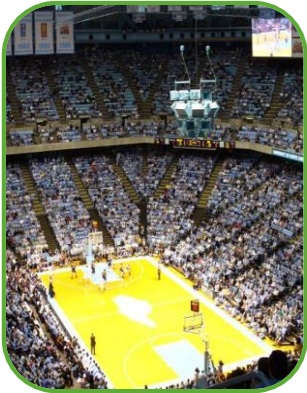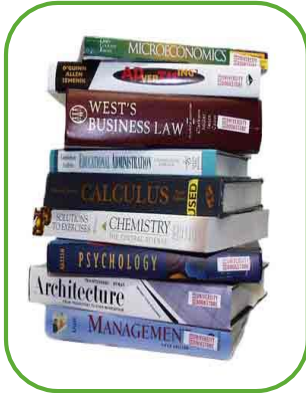
Many of the UNC Club Sports teams do a majority of their own fundraising

Percentage of UNC Club Sports teams' budgets coming from fundraisers

Category	Value
0-25%	4
25%-50%	4
> 50% of budget	8

Fundraisers Include

- Tournaments
- Club "gear"
- Food Drives
- Race for a Reason
- Donating Blood
- Bar Nights
- CPR Certification
- Working at football and basketball games
  - Clean-up
  - Ushering
  - Ticketing

BWB can provide a compelling value proposition to campus organizations
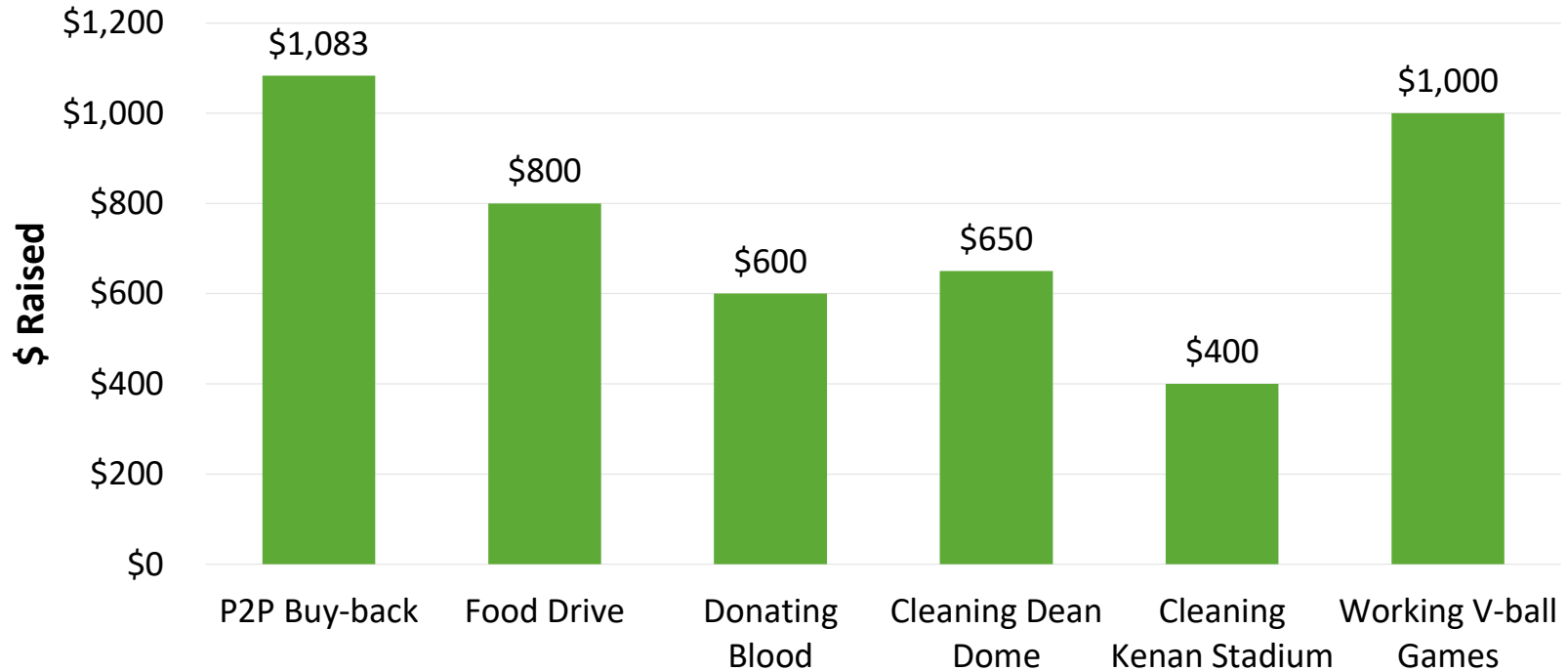
$ Raised

P2P Buy-back	Food Drive	Donating Blood	Cleaning Dean Dome	Cleaning Kenan Stadium	Working V-ball Games
$1,083	$800	$600	$650	$400	$1,000

The P2P Buy-back program provides motivated campus groups the opportunity to raise substantially more money than traditional fundraising activities.
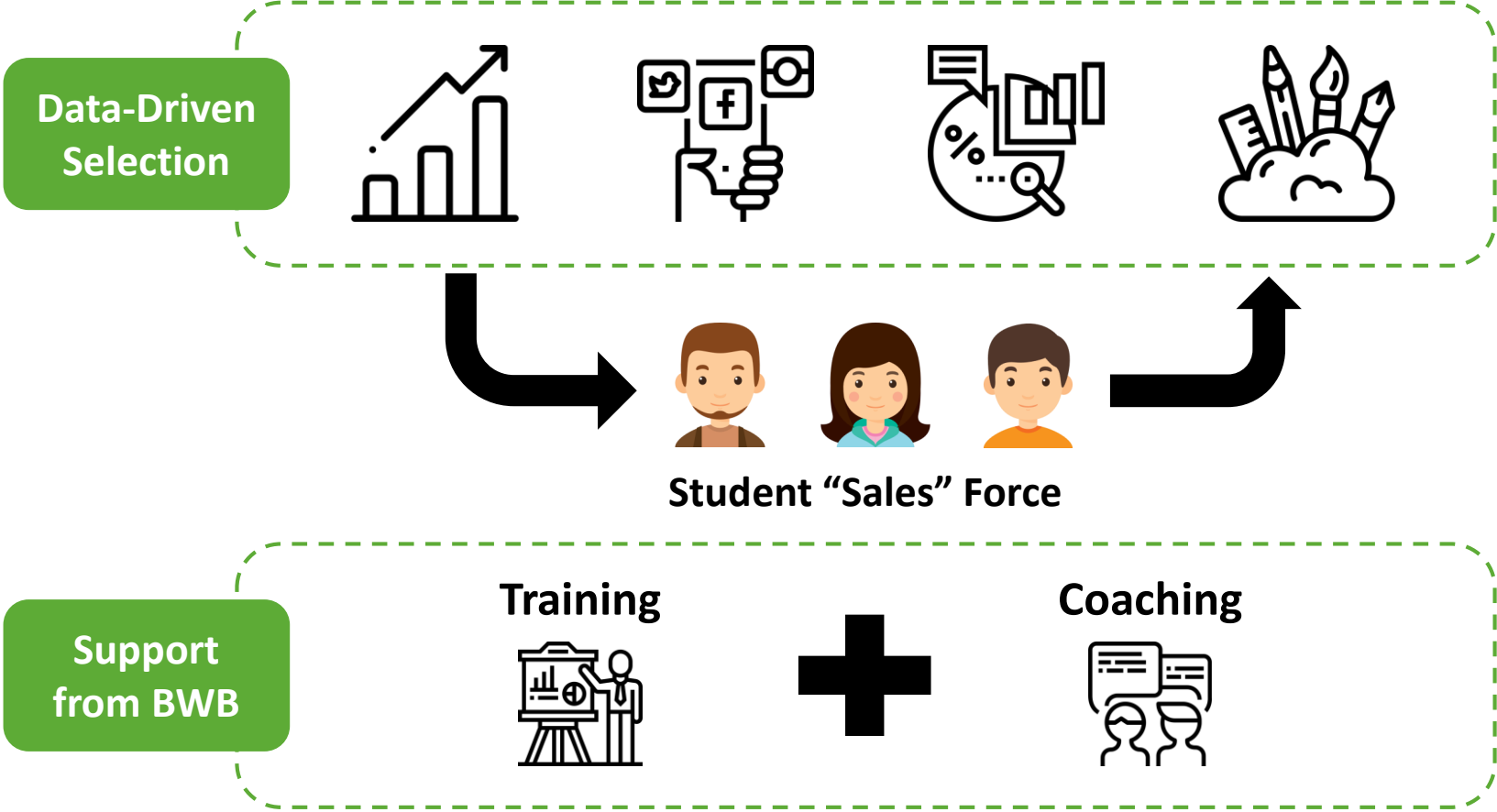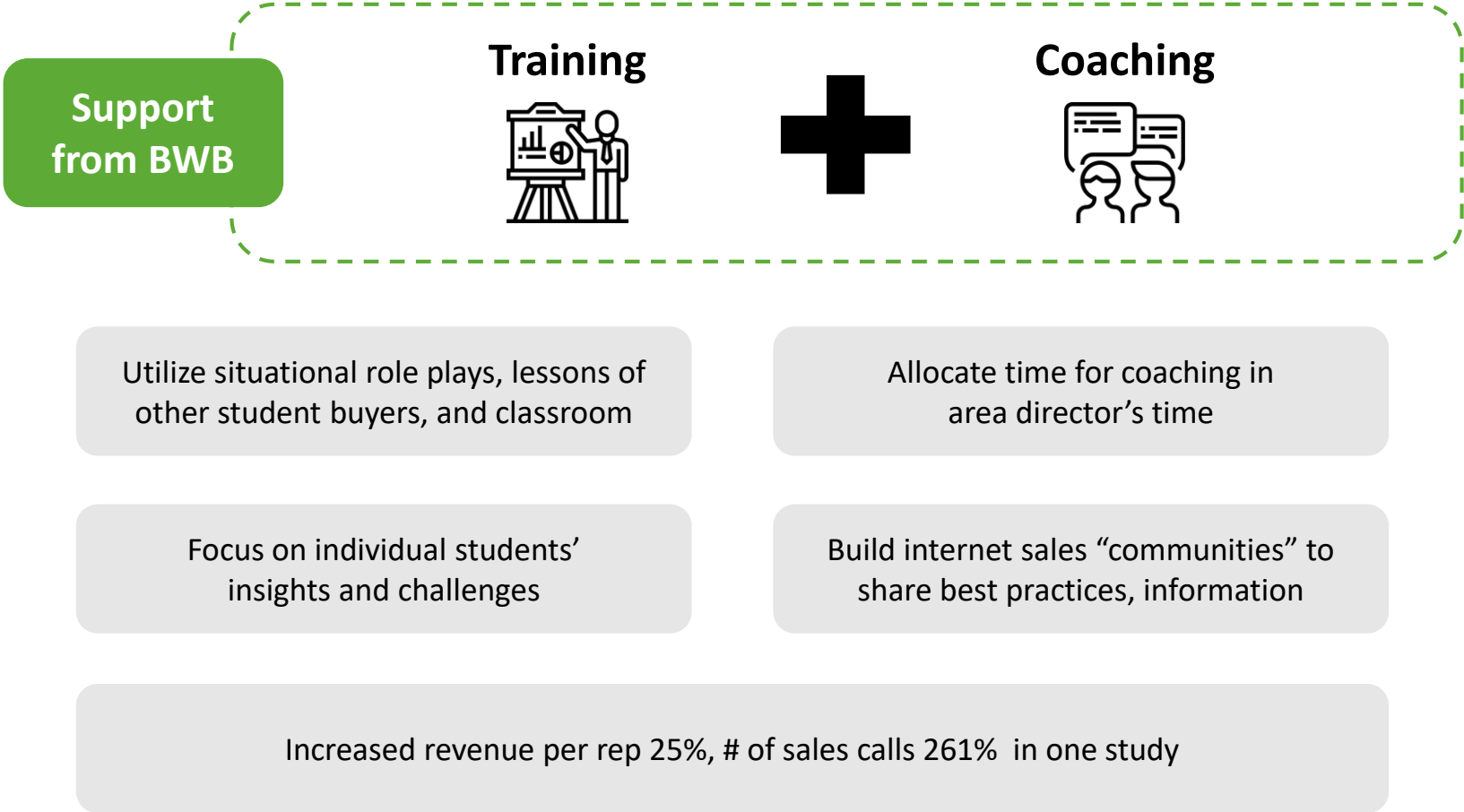
Assets | Personnel | Implementation

Selection

Recruiting

Selection

An iterative predictive model combined with support of student buyers will optimize buyback team success

Retention

Combine data-driven candidate selection and support from BWB for optimal team success

Data-Driven Selection

Student "Sales" Force

Support from BWB

Training **+** Coaching

BWB must also provide training and coaching to maximize performance

Support from BWB

Training

+

Coaching

Utilize situational role plays, lessons of other student buyers, and classroom	Allocate time for coaching in area director's time
Focus on individual students' insights and challenges	Build internet sales "communities" to share best practices, information

Increased revenue per rep 25%, # of sales calls 261% in one study

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| Assets | **Personnel** | Implementation |

BWB can select for brand stewards and also create them for the 5E's

Excite
Build a **"brand book"** for employees using BWB mission statement, videos, testimonials, non-profit partners results

Educate
Hold **"story telling"** on-boarding sessions where employees hear the BWB story from the founders or leadership team

Empower
Delegate decision making as appropriate, so that employees can solve problems that arise during buy back

Engage
Create contests based on **attitude**, not just sales numbers - most dedicated buyer travels to Africa to distribute books with NPLPs

Exhibit
Give away **BWB-branded gear** like t-shirts, Nalgene's, backpacks, for use during "off duty" time

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| Assets | Personnel | Implementation |

Use existing BWB media in recruiting and training to excite sales force about BWB

Recruiting

Selection

Retention

"Better World Books is an awesome organization! With our unwanted textbooks, they have been able to help so many people in their mission for literacy. I am extremely honored to work with this organization." - Jennifer, SF State

"Working with Better World Books is a no-brainer; you can raise money and help enlighten the masses in your own small way." - James, SCU

Better World Books Intro

BetterWorldBooks + INVISIBLE CHILDREN

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Assets | **Personnel** | Implementation
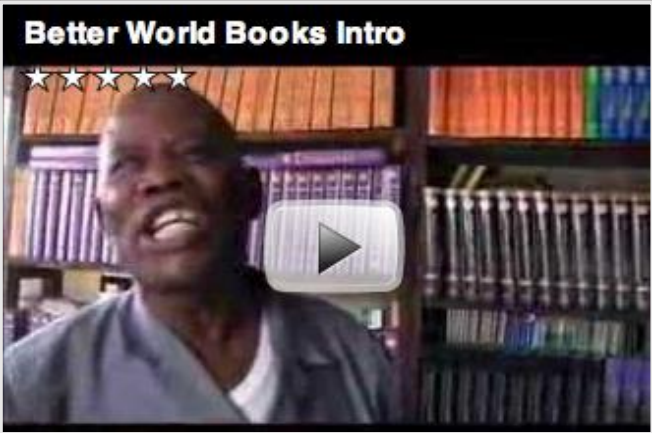
Implementation

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| Assets | Personnel | Implementation |

A well executed implementation plan will assist BWB in a successful scale-up

Personnel

Scale of Launch

Staggered launch with iterative learning/data collection process will minimize risk
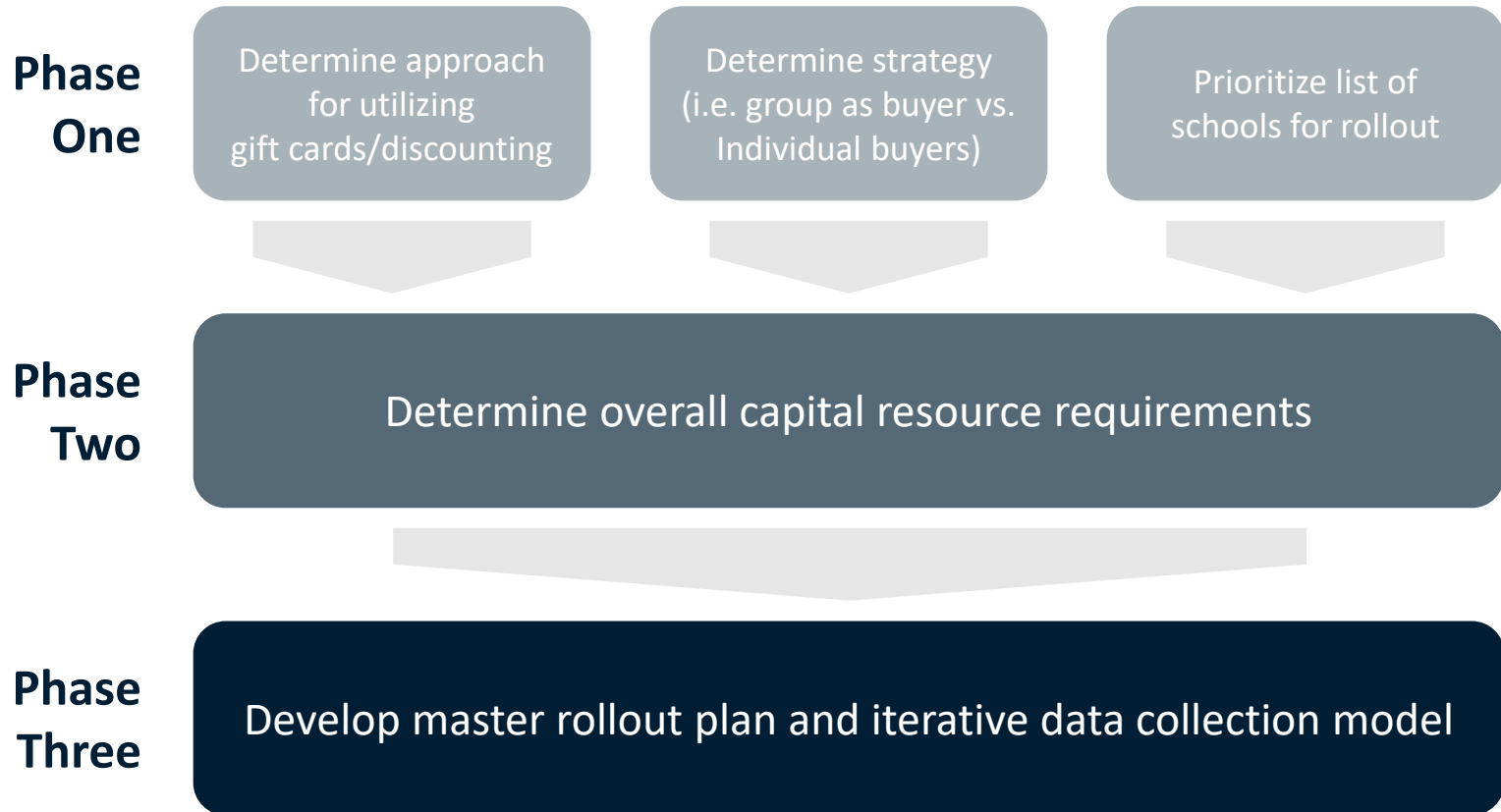
School Selection

Schools with a large percentage of students receiving financial aid/work study should be primary targets in the initial phases of rollout

Financial Projections

This implementation plan will improve buyer success --> increasing buy-back volume

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Assets | Personnel | Implementation

Next Steps: Implementation

Phase One

Determine approach for utilizing gift cards/discounting

Determine strategy (i.e. group as buyer vs. Individual buyers)

Prioritize list of schools for rollout

Phase Two

Determine overall capital resource requirements

Phase Three

Develop master rollout plan and iterative data collection model

Appendix

We will survey students to determine what discounts they would require to buy "early"

Preliminary Survey Questions	
The school year is over and you have sold back all of your books. You know what books you need when you return in the Fall.	
7. Would you buy your books before you get back in late August?	Yes No
a. If no, would you buy earlier if there was a discount	Yes No
i. If yes, how much would they need to be discounted (%) for you to buy in:	May _____ June_____ July_____

Discounts Required to Purchase Early

	May	June	July
Mean	30%	28%	10%
Median	35%	24%	15%
Std. Deviation	5%	3%	1%
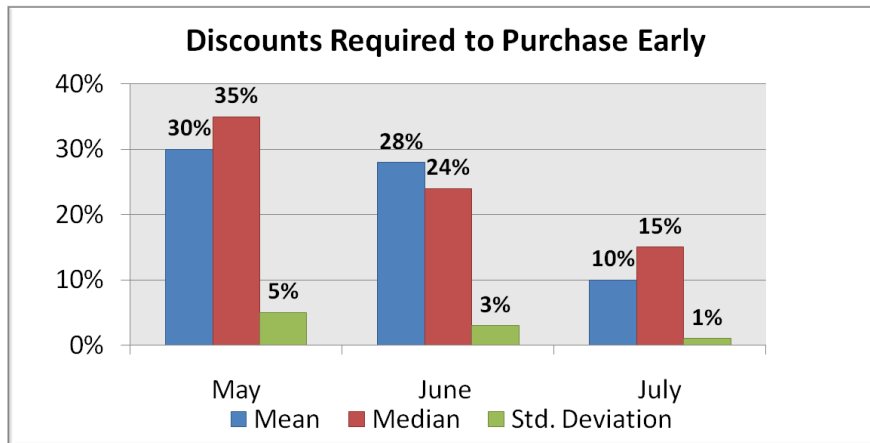
Sample survey results:
For illustrative purposes only

BetterWorld Books®

We will survey students to determine what they would require to accept non-cash payments

Preliminary Survey Questions	
Let's assume you have decided to sell your books to Better World for $100 cash.	
5. Better World offers you a gift card to their company website (which stocks all the textbooks you will need for next semester) for the same amount they would have paid you in cash, do you accept?	Yes No
a. If you answered no above, would you accept a gift card if it was for more money than they were offering in cash?	Yes No
i. If you answered yes above, what is the minimum additional amount you would require?	_____ N/A
6. Now instead, Better World offers you the option of a cash card (card you take to an ATM to redeem cash) for the same amount they would have paid you in cash, do you accept?	Yes No
a. If you answered no above, would you accept a cash card if it was for more money than they were offering in cash?	Yes No N/A
i. If you answered yes above, what is the minimum additional amount you would require?	_____ N/A

We will sample 250-500 students from the UNC undergraduate population.

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We will use operational theory to determine the optimal level of cash required for each buyer

Daily Buyer Cash Usage and Limits
(Sample data: For illustrative purposes only**)**

$ Used

Time

Cash Used   Daily Cash Limit
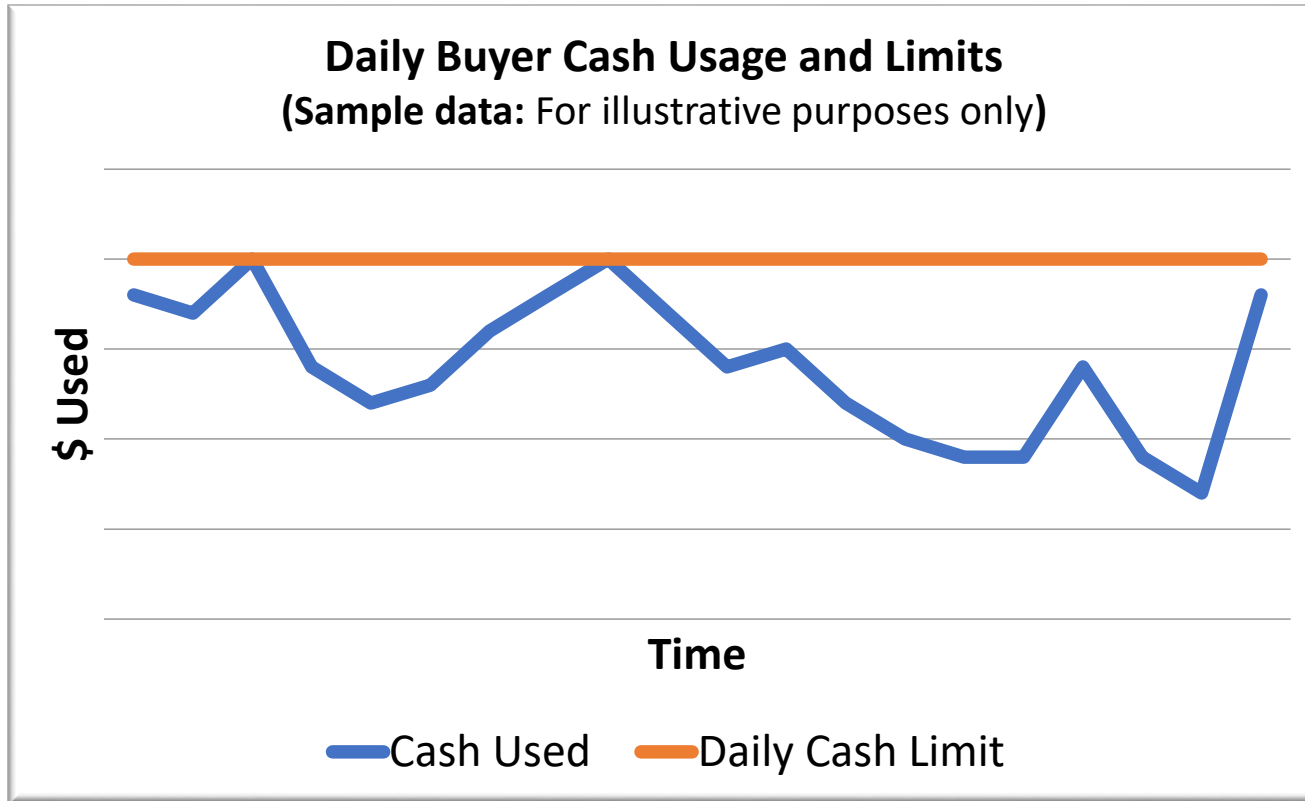
Daily cash limits should be set to optimize profit over the long term.

Setting cash limits too high will result in too much cash in the hands of sellers.

The optimal cash level will be determined using historical cash usage statistics and estimates on the cost of "overage" and "underage".

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Possible survey to uncover willingness and need of clubs to use new fundraiser

BWB STAR Survey

October 2, 2009

Our STAR (Student Teams Achieving Results) Team is working with Better World Books, a socially responsible bookseller, to help them grow their business and increase their contribution to global literacy campaigns and we need your help!

By completing this survey you will help us understand one of Better World Books' key customer groups, university students. Thank you in advance for completing this survey and for supporting global literacy.

About You	
Name of Organization	▪
Number of Members	▪
Mission	▪ Philanthropic __ ▪ Sports __ ▪ Special Interest __
Amount of funding needed per year?	▪
Amount and/or percent you raise one your own?	▪
Have past fundraisers been successful?	▪ Yes ▪ No
Are you interested in trying a new fundraiser?	▪
If no, then what if the fundraiser also benefitted global literacy?	▪

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Sorority Fundraising on average brings in more money and yields higher rate/person

Amount raised per participant/hr

$50

$0

$0 $30,000

Amount of Money Raised
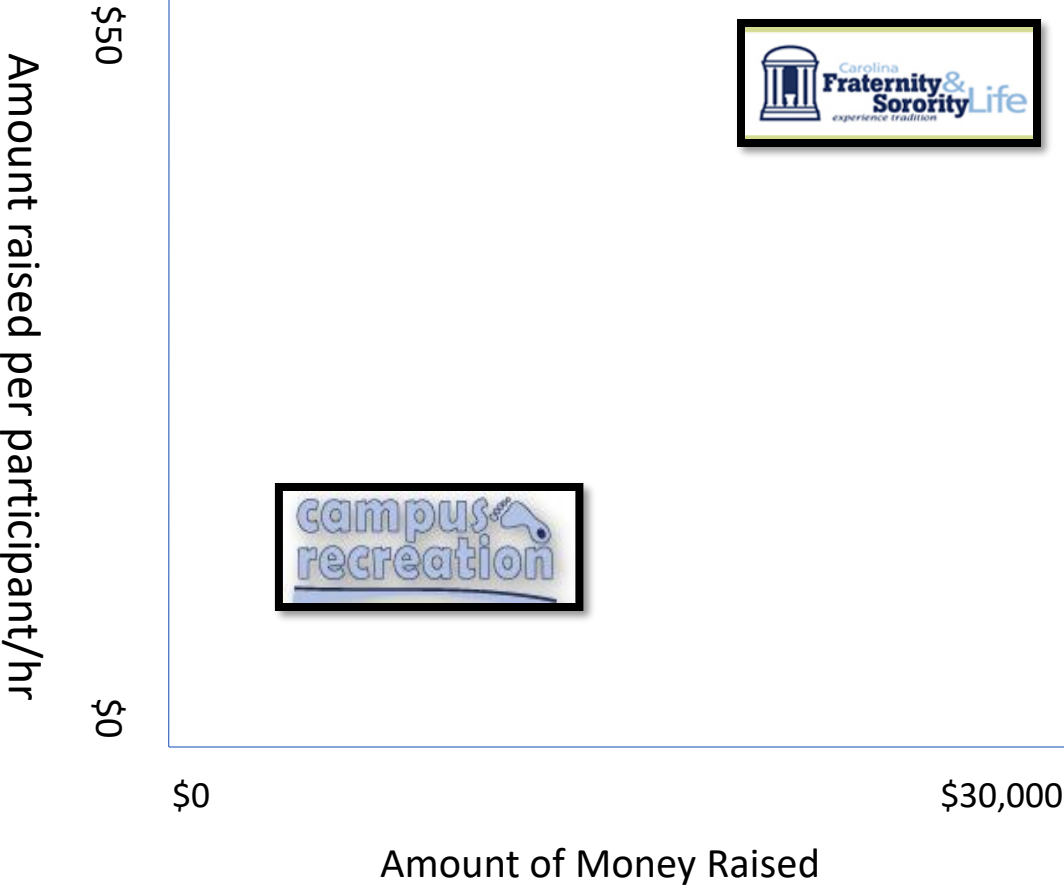
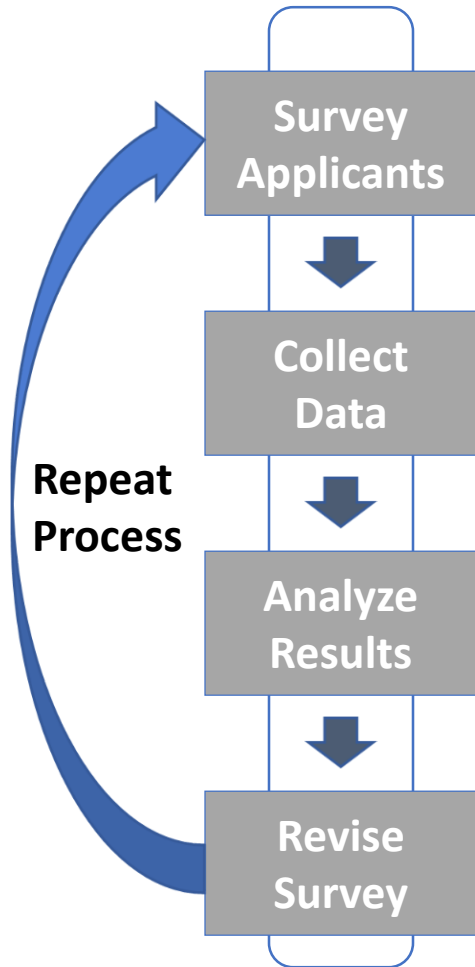Average amount raised during a Sorority Fundraiser: $23,000

Average amount raised per participant/hr: $34

Average amount raised during a Club Sports Fundraiser: $700

Average amount raised per participant/hr: $7

Source: UNC Student Interviews

BetterWorld Books®

Using an iterative approach will allow BWB to develop a predictive hiring model

Survey Applicants

Survey all salespeople on standard dimensions related to alignment with mission, selling and leadership.

Collect Data

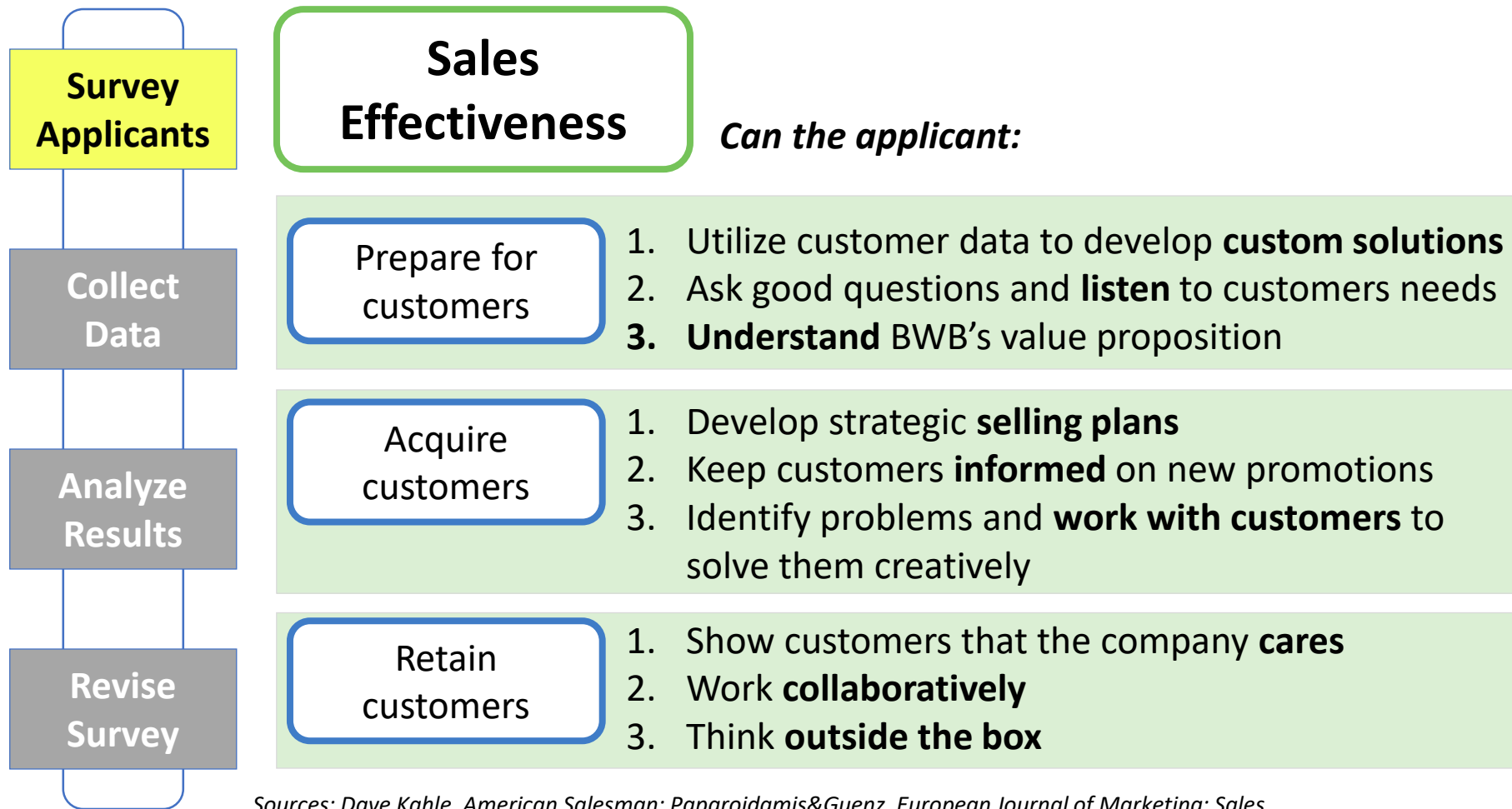Collect metrics on each salesperson such as # of books, average purchase/sales price and # of sellers.

Analyze Results

Use statistical analysis to determine key indicators that are predictive of salesperson effectiveness.

Revise Survey

Use results of analysis to refine survey – remove non-predictive questions and replace with new questions.

Repeat Process

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Focus on sales effectiveness, alignment, and demographics in hiring surveys

Survey Applicants → **Suggested Traits**

Collect Data

Analyze Results

Revise Survey

Sales Effectiveness

Brand Stewardship

Demographics

BetterWorldBooks®

Sales effectiveness traits can be measured during selection process

Survey Applicants

Collect Data

Analyze Results

Revise Survey

Sales Effectiveness

Can the applicant:

Prepare for customers
1. Utilize customer data to develop **custom solutions**
2. Ask good questions and **listen** to customers needs
3. **Understand** BWB's value proposition

Acquire customers
1. Develop strategic **selling plans**
2. Keep customers **informed** on new promotions
3. Identify problems and **work with customers** to solve them creatively

Retain customers
1. Show customers that the company **cares**
2. Work **collaboratively**
3. Think **outside the box**

Sources: Dave Kahle, American Salesman; Paparoidamis&Guenz, European Journal of Marketing; Sales Effectiveness in World-Class Organizations, the Forum Corporation

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Brand stewardship is critical and can be measured through proxies during selection

Survey Applicants

Brand Stewardship

Has/is the applicant:

Collect Data

Mission alignment
1. Worked on a BWB **book drive** or purchased a book
2. A **fan** of BWB on Facebook
3. Knowledgeable and convincing about BWB's value proposition and **mission**?

Analyze Results

Personality
1. A "**node**" of their social network (outgoing)
2. A "self-starter"
3. An active Facebook user

Revise Survey

Leadership
1. Held positions of **responsibility** before
2. Demonstrated **trustworthiness** in previous roles

Basic demographic information will allow BWB to tailor the student buyback "sales force"

Survey Applicants

Demographics

Is the applicant:

Collect Data

Basic

1. A freshman, sophomore, etc
2. Male or female

Analyze Results

Campus Life

1. Living on or off campus
2. Majoring in humanities or sciences
3. Involved in other campus groups

Revise Survey

Financial

1. On financial aid

Measure student buyers on sales, satisfaction, and ancillary effects

Survey Applicants

Collect Data

Analyze Results

Revise Survey

→ **Suggested Metrics**

Sales Effectiveness:
1. Books per day
2. Book quality
3. Margin
4. "New" sales
5. Repeat customers

Fit and satisfaction:
1. Initiative displayed
2. New sales people recruited through buddy system

"Halo Effect":
1. Promotion codes redeemed
2. New Facebook fans
3. Increase in donations

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Correlate selection criteria with sales metrics and revise model as needed

Selection Score

$\sum$ 7*(sales effectiveness) + 6*(brand stewardship) + 3*(demographics)

Effectiveness Score

$\sum$ 9*(sales metrics) + 6*(fit metrics) + 4*(halo metrics)

Correlate and Review

Selection Score Correlated with Effectiveness Score
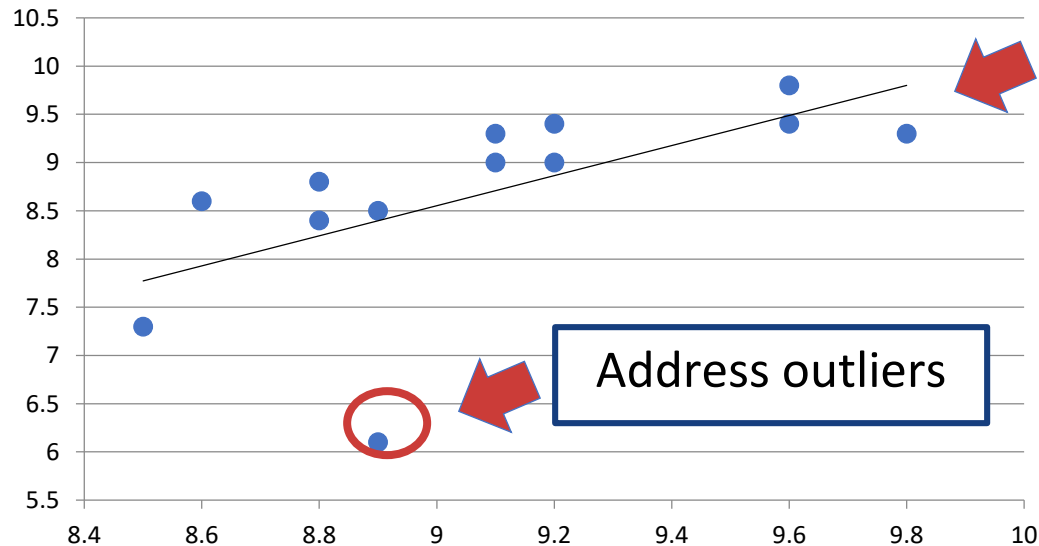
Eliminate criteria that are not predictive

Address outliers

Information for Sport Club slides was gathered from speaking with Presidents of each organization

	President	Email	Organization	UNC Funds	Dues	Fundraising	$/hr		Average:
1	**President**	**Email**	**Organization**	**UNC Funds**	**Dues**	**Fundraising**	**$/hr**		**Average:**
2	Reed Turchi	reedturchi@gmail.com	Men's Handball	0%	0%	100%	$ 7.00		$ 7.29
3	Alex Keil		Disc Golf	10%	0	90%	$ 10.00		
4	Paige Ivey		Women's Volleyball	0%	15%	75%	$ 8.00		
5	Alex		Waterskiing	10%	15%	75%			
6	Sarah		Underwater Hockey	25%	0%	75%			
7	Stephanie Tan		Women's Handball	25%	0%	75%	$ 7.00		
8	Ryan Wright		Men's Rugby	50%	0%	50%			
9	JP		Men's Water Polo	30%	30%	40%			
10	Scott Powers		Men's Volleyball	29%	33%	38%	$ 5.00		
11	Carly Applebaum			25%	40%	35%			
12	Jamie Sebaaly		Women's Rugby	20%	50%	30%	$ 8.00		
13	Taylor Warren			76%	15%	9%			
14	Kate Wegener		Ski & Snowboard	1%	98%	1%			
15	William Cathcart		Men's Lacrosse	5%	95%	0			
16	Logan Rowell		Sailing	20%	80%	0%			
17			Carolina Academic Club	50%	0%	50%	$ 6.00		
18	Allison Gee		Women's Basketball	25%	0%	75%			
19									

Information on sorority fundraising was gathered by speaking with chapter members and/or presidents

	Contact	Email	Sorority	Emailed?	Money Raised	Hours	$/hr
20							
21	Meredith Sammons	smrekar@email.unc.edu	DDD	x			
22	Lauren Ellis	elauren@email.unc.edu	Chi O	x			
23	Emily Heyman	eheyman@email.unc.edu	ADPI	x	12000	500	$ 48.00
24	Courtney Chandler	cdchandl@email.unc.edu	AXO	x			
25	Anna Garcia	ganna@email.unc.edu	KD	x			
26	Melissa Biediger	biediger@email.unc.edu	KKG	x	12,000	500	$ 24.00
27	Lauren-Kelly Devine	ncalphavpp@gmail.com	Pi Phi	x	24,000	500	$ 48.00
28	Joanie Winter		Sigma	x			
29	Lizzie Hastings		Phi Mu	x			
30	Taylor Loftis		ZTA	x	45000	3000	$ 15.00
31				Average:	23,250	Average:	$ 33.75

Module 10 - Synthesize

Synthesize: Rules of Engagement

Obtain input and buy-in from client

Offer specific recommendations

Tell a good story

Synthesize: Tactics

Tactic 37 | Tell a story – using a very brief situation and complication, followed by the resolution which is the most important aspect of the project.

Tactic 38 | Share the story with the client and the team ahead of time to obtain input and ensure buy-in.

Tactic 39 | Keep the story simple and focus on the original problem and specific recommendations for improvement – include estimated impact on the organization.

Tactic 40: Have fun!

Template: Executive Summary

Governing Thought	**Governing Thought**		
Statement	**Statement 1** *Rationale, Conclusions, or Recommendations*	**Statement 2** *Rationale, Conclusions, or Recommendations*	**Statement 3** *Rationale, Conclusions, or Recommendations*
Supporting Evidence	Situation	Situation	Situation
	Complication	Complication	Complication
	Resolution	Resolution	Resolution

Better World Books
Peer-to-Peer Buy-back Program

UNC Kenan-Flagler Business School
STAR Domestic Business Program
December 11, 2009

Jon Bon Jovi | Diana Ross | Freddy Mercury | Jimi Hendrix | Stevie Nicks | Dr. Paul Friga

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BWB has asked the UNC STAR team to assist with scale-up of the P2P Buy-back program

Problem Statement

When scaling up the P2P Buy-back program, BWB would like to understand how to minimize the risk to their assets in the field, how to handle the difficult personnel challenges associated with this operation, and how to roll out to new campuses.

Our Approach

We identified opportunities for BWB to improve execution along each part of the P2P Buy-back program value chain.

BWB can improve execution along the P2P Buy-back program value chain

Find Buyers

Use a scientific approach that includes groups as buyers

Train Buyers

Implement strong training and coaching practices to maximize success of buyers

Buy Books

Reduce cash outlay by introducing branded gift cards as a form of payment

Deliver Books

Use a logistics company to manage the process of collecting and shipping books

Reward Buyers

Leverage competition and non-financial rewards to incent improved performance

An aggressive roll out plan will take advantage of the asset-light business model and minimize the impact of competitive response. 800 campuses in 5 years with projected NPV of $13.7MM

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Find Buyers | Train Buyers | Buy Books | Deliver Books | Reward Buyers

BWB should use a scientific approach that includes groups as buyers

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

Use a scientific approach that includes groups as buyers

Implement strong training and coaching practices to maximize success of buyers

Reduce cash outlay by introducing branded gift cards as a form of payment

Group as buyer especially makes sense at public schools and as a partner to sports clubs

BWB has two opportunities for selecting buyers: individuals and groups

Area Director

Captain

Group as Buyer

Individuals as Buyers

Short-term fundraiser style engagements
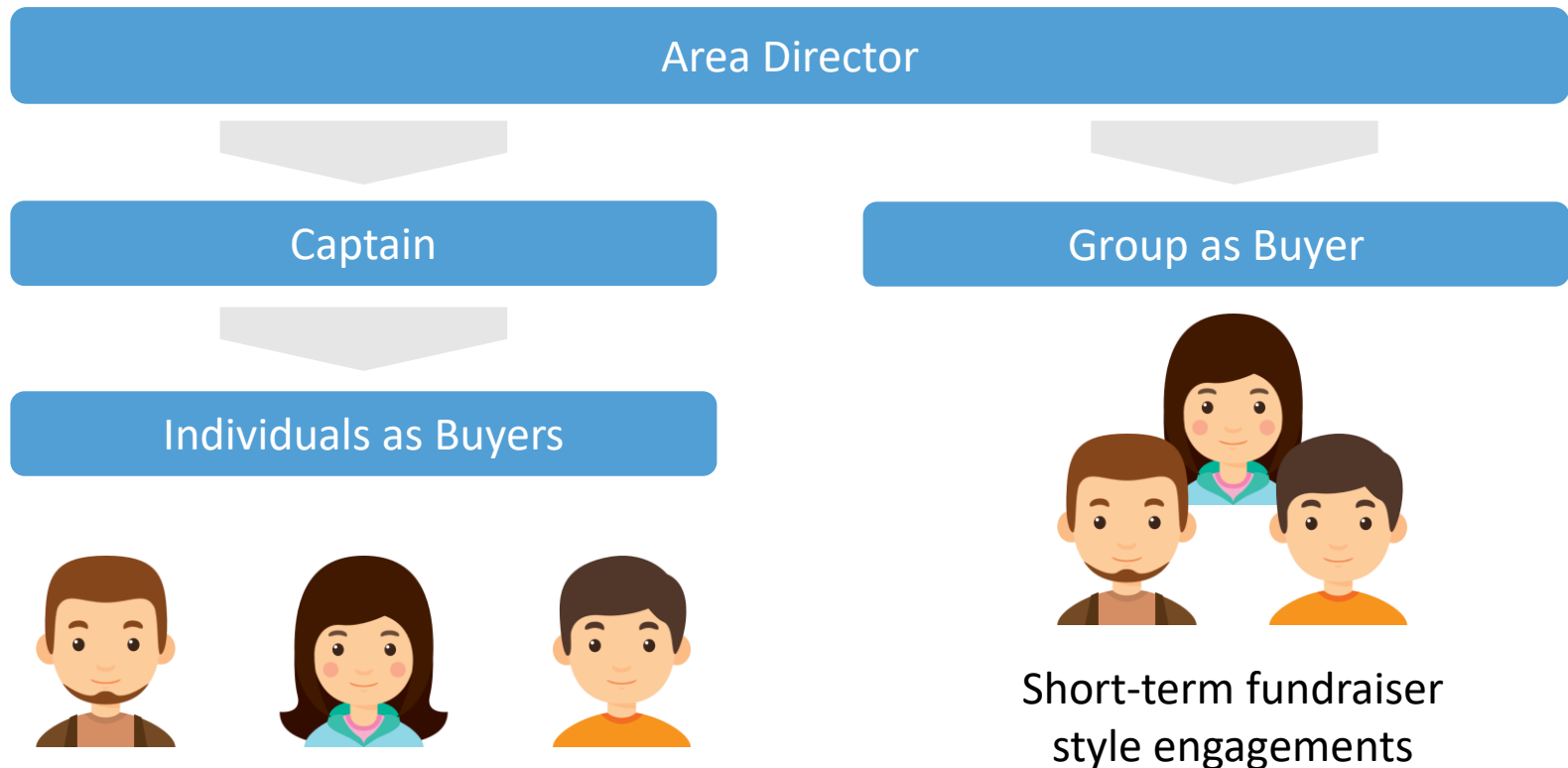
Currently BWB recruits individuals as buyers via word of mouth

Recruiting buyers is critical to scaling the P2P program

Recruiting buyers is currently a relatively time-intensive process with responsibility on the area directors

Recruiting is via word of mouth, traditional "blanket" advertising

Recruiting buyers could be the limiting factor in speed of rollout

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| Find Buyers | Train Buyers | Buy Books | Deliver Books | Reward Buyers |

Current recruiting style could be costly for BWB

Comparable companies spend time and resources on recruiting

- Dedicated email addresses and FTEs for answering applicant questions

- Entire week for interviewing with full management team

- Up to 20 applicants per position

- Positions posted via listservs, Facebook, and postering

$1,110 per open position

"Average" campus could cost $10k or more

100 campus rollout could require $1MM investment

Source: Interviews with comparables (University Directories, Harvard Student Agencies, and Nourish International).
Calculations assume $12/hr for campus captain, $25/hr area director, 2 hours per applicant, 15 applicants total

Groups can reduce recruiting costs: once you are "in" with campus groups, costs decrease

Single Campus Recruiting Costs Over Time

Part of workforce graduates, some don't return, must replace on an individual basis –> costly

Leaders may graduate but group remains, costs decrease dramatically

Cost

$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0

1   2   3   4

Year

—— Groups

—— Individuals

* Illustrative graphic only
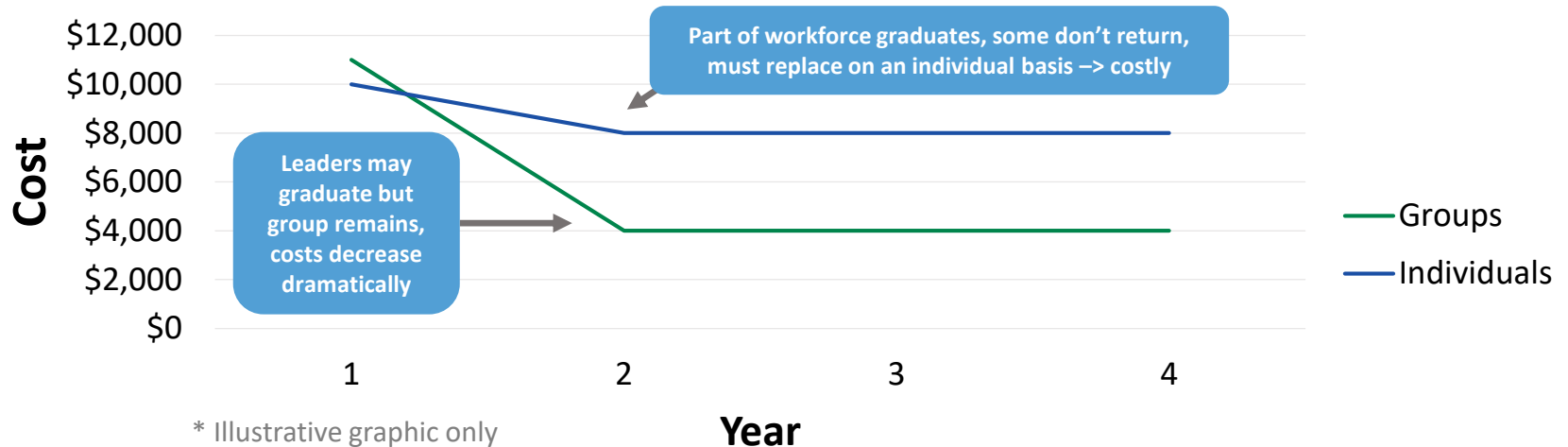
What We've Heard

Campus groups usually partner with the same fundraising organizations each year because it is easiest for them - especially with continually transitioning leadership

Upfront costs are likely higher for recruiting groups vs. individuals, however individuals present a recurring recruitment need

Source: Interviews with Club Presidents

Groups have greater reach than individuals

Recruit "group as buyer"

Group 1

VS

Recruit individual buyers

Buyer 1
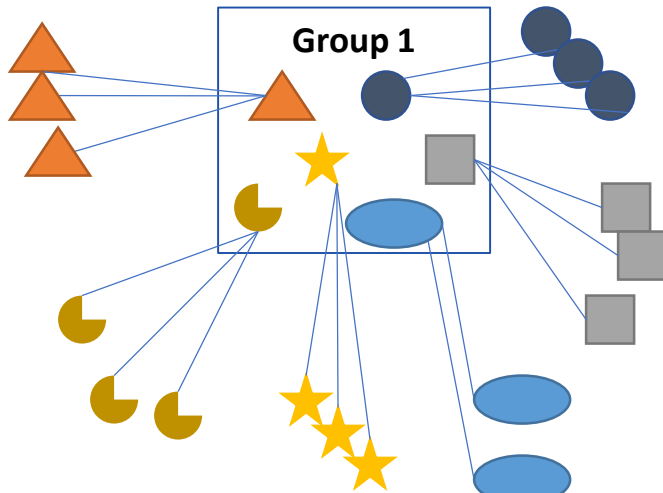
Buyer 3

Buyer 2

Groups are internally diverse and therefore have greater reach
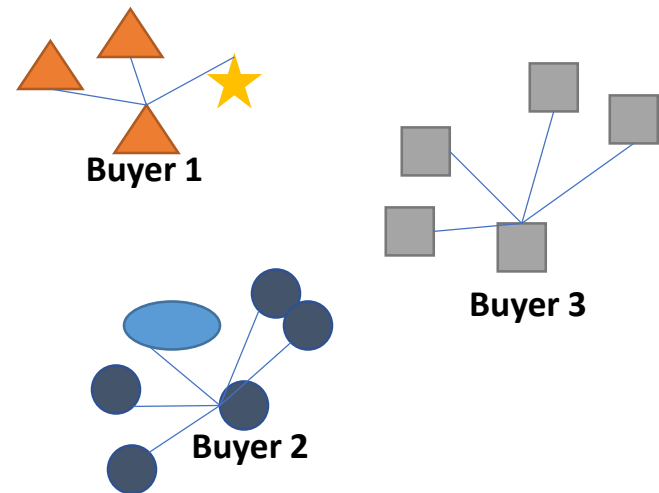
Individuals have smaller, less diverse reach

Groups are loyal to fundraising partners, especially if the process is streamlined

Groups are loyal...

"Sport Clubs typically sets up with **the same organizations** – our more successful fundraisers are highly structured."

But Open-Minded...

"In general, we're receptive to any opportunities to raise funds that are **at least as easy and/or profitable** as what we're already doing."

And Appreciate Structure

"The production company contracted to film the FSU game for ESPN **contacted us directly** and asked for 20 people to work the game. Because it was **so easy** we are looking to raise the same amount by working with them anytime they come to campus."

Reach out to groups by emphasizing the ease and payoff of a BWB buy-back fundraiser

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| Find Buyers | Train Buyers | Buy Books | Deliver Books | Reward Buyers |

Group fundraisers often yield very little income per hour of effort

P2P Buy-back
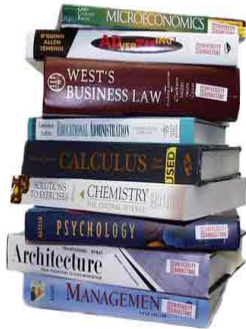
Volleyball Games

Dean Dome Cleanup

Football Games

$ 13.21/hr

Source: BWB pilot data

$ 5.00/hr

Source: UNC Student Interviews

$ 8.00/hr

$ 7.00/hr

| Find Buyers | Train Buyers | Buy Books | Deliver Books | Reward Buyers |

BWB can provide a compelling value proposition to campus organizations
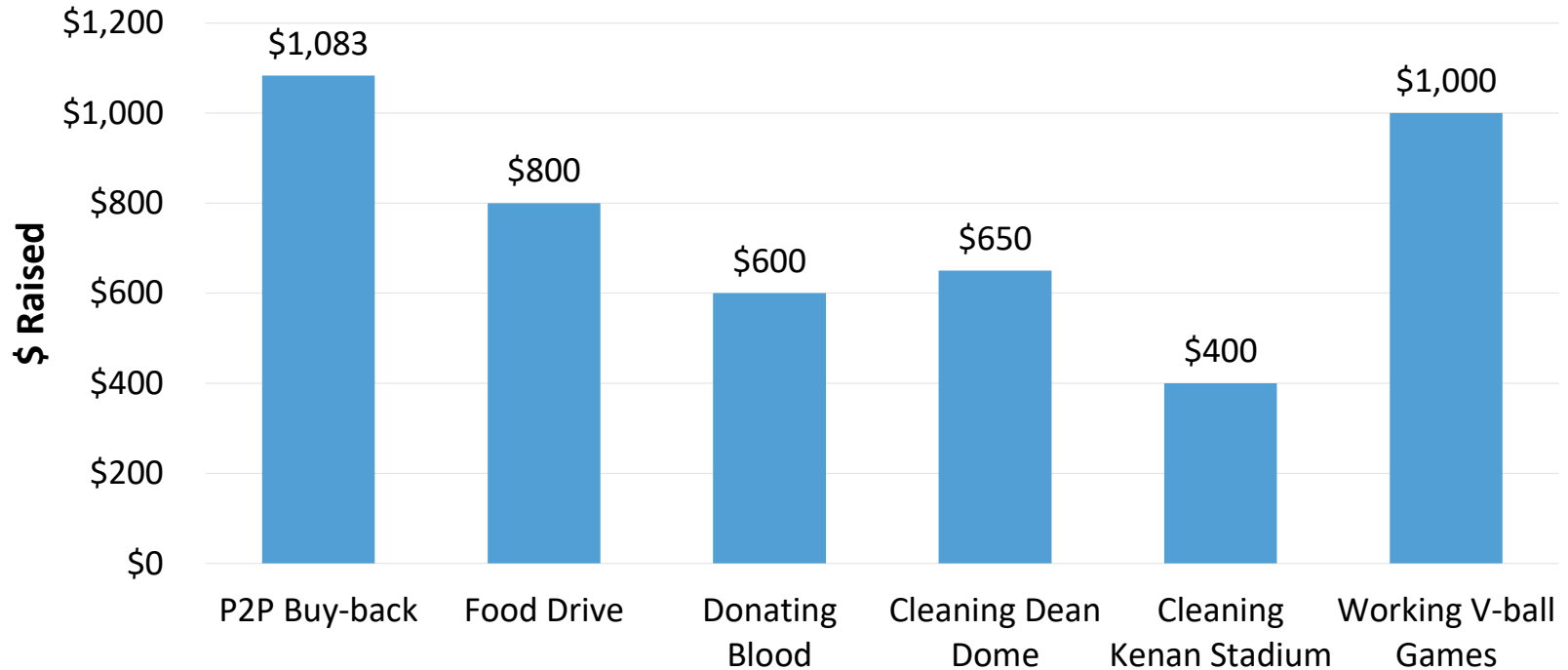
The P2P Buy-back program provides motivated campus groups the opportunity to raise substantially more money than traditional fundraising activities.

Group as buyer strategy is more likely to succeed at public schools

Public School Club Funding

Fundraising

University

48%

24%

28%

Dues
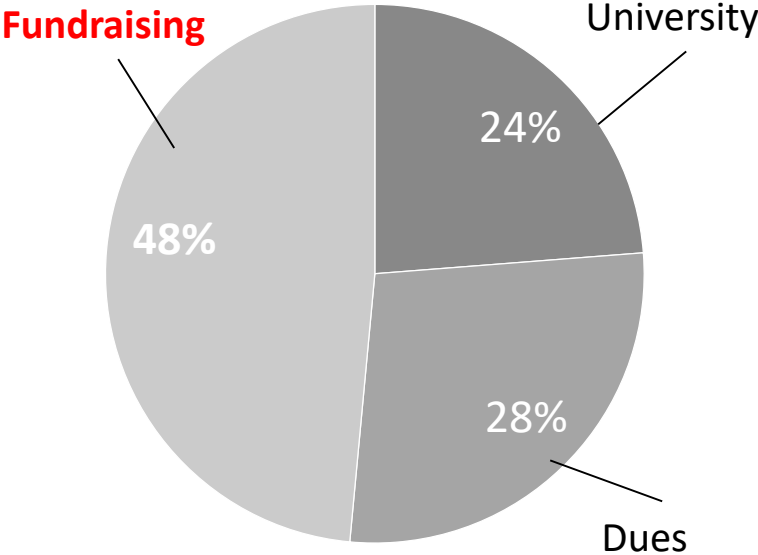
Private School Club Funding

Fundraising

12%

45%

43%

Dues

University
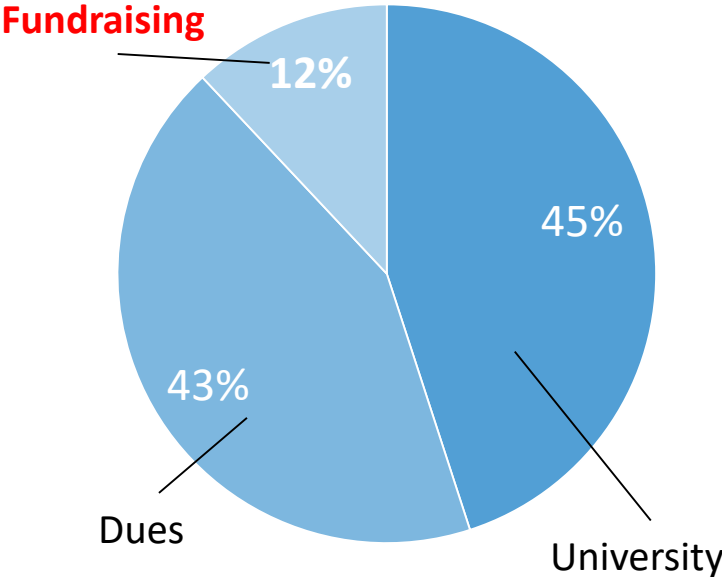
Groups at public schools are more likely to have responsibility for their own fundraising and are thus a better target for the group as buyer proposition

| Find Buyers | Train Buyers | Buy Books | Deliver Books | Reward Buyers |

At public schools, reach out to sports clubs specifically

1

Sports clubs financial needs are generally larger than most other general interest student organizations

Need funding for:
Travel, uniforms, hosting tournaments, lodging, renting practice space, equipment

2

They are interested in new fundraising ideas

"Yes, we're always looking for new fundraising opportunities. This year we started an online magazine sale and are looking into other ideas."
-Jamie Sebaaly, Women's Rugby Treasurer

At UNC, the Men's and Women's Rugby teams and Triathlon Club were especially receptive to the concept, given that the expectations and value proposition are clear.

Scientific selection of groups or individuals will result in selection of most effective buyers

Repeat Process

Survey Applicants
Survey applicants on standard dimensions related to alignment with mission, selling and leadership

Collect Data
Collect metrics on each buyer such as # of books, average purchase/sales price and # of sellers

Analyze Results
Use statistical analysis to determine key indicators that are predictive of buyer effectiveness

Revise Survey
Use results of analysis to refine survey – remove non-predictive questions and replace with new questions

Scientific selection relevant whether BWB is recruiting individuals or groups as buyers

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Find Buyers | **Train Buyers** | **Buy Books** | **Deliver Books** | **Reward Buyers**

Implement strong training and coaching practices to maximize success of buyers

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

Comparables devote significant time and resources to training

Coaching has been shown to improve performance

HR policies can increase student loyalty and satisfaction, further increasing performance

*Excite buyers with BWB branded gear,
mission-aligned rewards, and a "brand book"*

Training can maximize potential of individual students and groups

Training + **Coaching**

Comparables devote at least one week to initial training	▶	**Hold rolling on-boarding sessions at the beginning of every semester**
Nourish International has a "business plan" competition during training	▶	**Ask new buyers to design "buying plans" -- prize for the best**
Training on new topics, refreshers are offered quarterly	▶	**Use campus captains to retrain as needed on gift cards, cash pooling, etc**
Social networking sites allow reps to share best practices, ask questions	▶	**Use Facebook or a site like RepNation to create a forum for questions**

Source: Interviews with Nourish International, Mr. Youth, University Directories, Harvard Student Agencies

Coaching is critical to sustaining buyer performance and effectiveness

Training ➕ Coaching

Track performance before and after coaching program is implemented	Increased revenue per rep 25%, # of sales calls 261% in one study
"Audit" system will increase accountability, effectiveness of buyers	Comparables send supervisors on periodic "ride alongs," host refresher training sessions
Can also use campus captains, top sellers as coaches	Area directors should have time for coaching set aside every month

Source: Interviews with comparables, Shifting the Performance Curve: Exporting High-Performance Sales, Sales Executive Council

An effective training and coaching program can create brand stewards
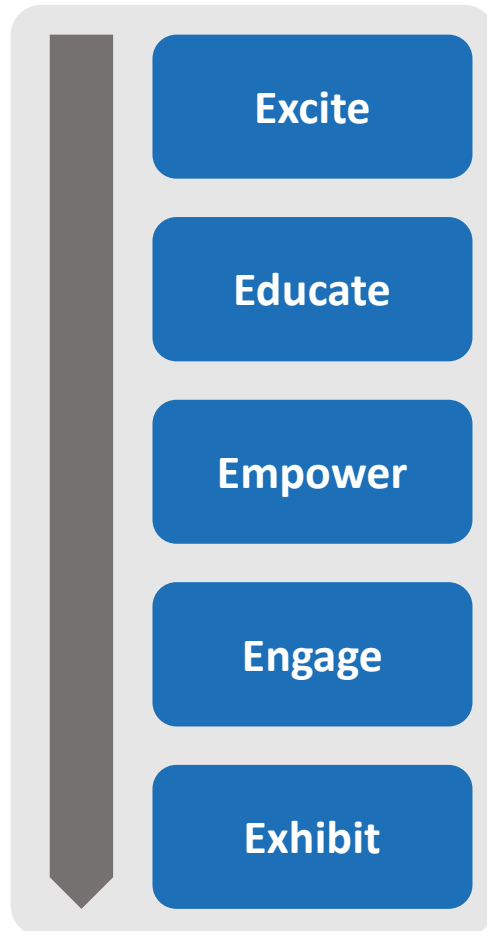
Excite — Build a **"brand book"** to excite employees about BWB mission

Educate — Hold **"story telling"** on-boarding sessions with founders

Empower — **Delegate** so that employees can solve problems in the field

Engage — Create contests based on **attitude** not just sales numbers

Exhibit — Give employees **BWB-branded gear**

Source: Turn Your Sales Force into Brand Stewards, 4Impact Blue Papers

Monitor cash and employ branded gift cards to optimize buyer limits and reduce cash outlay

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

The "newsvendor model" suggests that, based on limited data, cash limits may be too high in non-peak periods

Survey results show that students are willing to accept gift cards in lieu of cash

A cash/card hybrid payment option will further reduce cash outlay for BWB

Ability to respond quickly to variability, while reducing cash outlay is key

During P2P Buy-back pilots, student buyers typically used less than their daily cash limit

Daily Cash Usage – ND Pilot

$1,857

$742

- Actual Cash Usage
- Daily Cash Limit
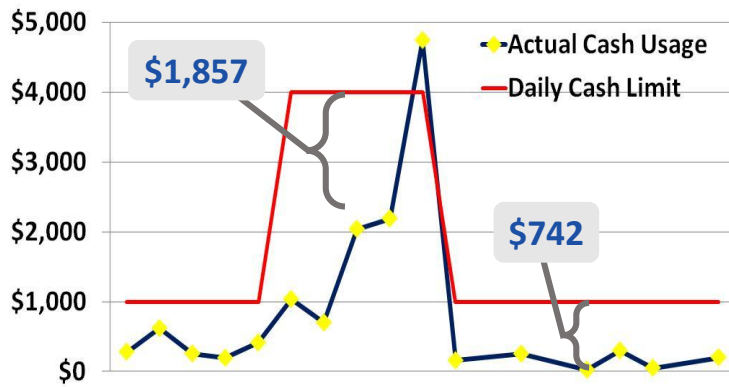
On average, the daily cash limit exceeded actual cash usage by $742 during normal weeks and by $1,857 during the rush week.

Daily Cash Usage – tOSU Pilot

$6,500

- Actual Cash Usage
- Daily Cash Limit
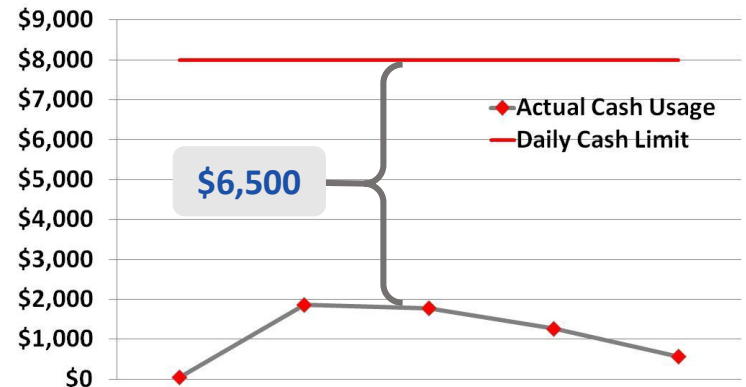
During the Ohio State pilot, the gap between the daily cash limit and actual cash usage was even more pronounced.

Source: BWB P2P Buy-back program pilot data. BWB employed 2 student buyers during the Notre Dame pilot and 4 student buyers during The Ohio State University pilot. Daily limits were $500/buyer during normal weeks and $2,000/buyer during rush weeks.

Newsvendor model suggests BWB may be giving too much cash to student buyers

Cash Usage – Non-Rush Periods

Overage Cost: $0.05
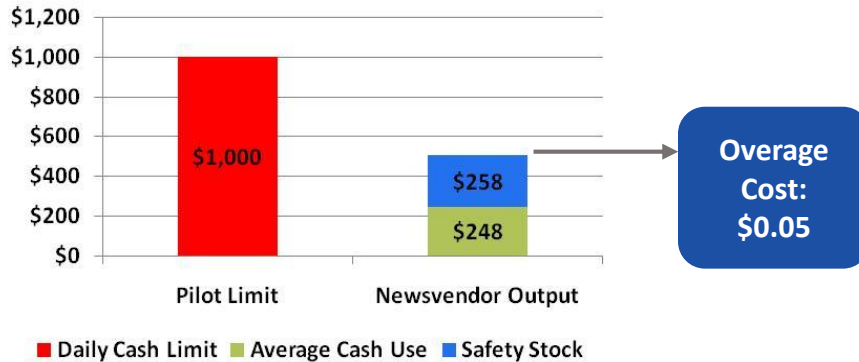
During the Notre Dame pilot program, student buyers held too much cash on average during non-rush periods and too little cash during rush periods.

Cash Usage – Rush Periods

Underage Cost: $0.80

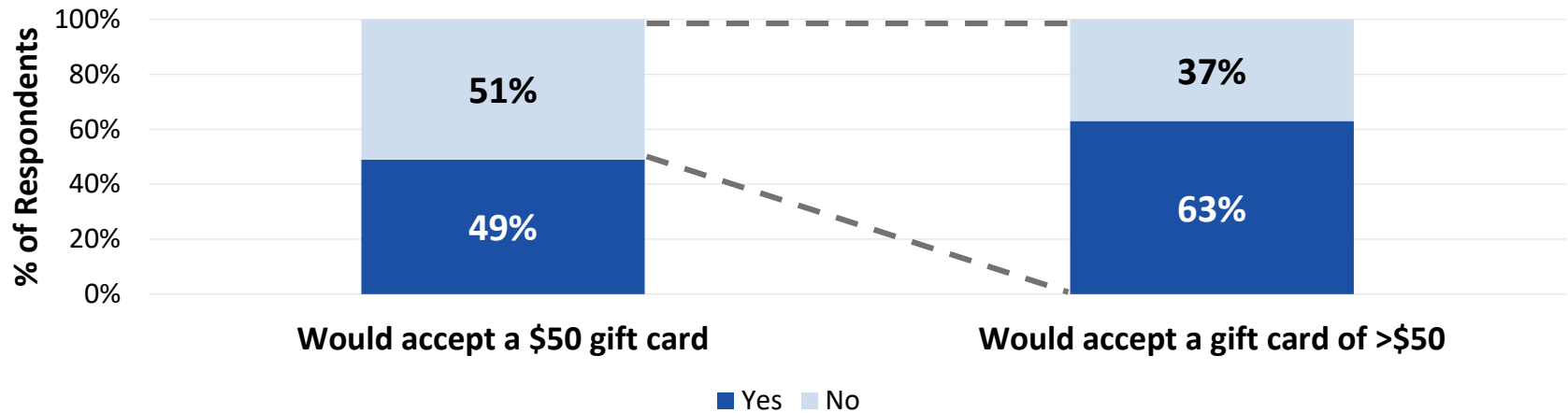Dramatic variability in cash usage during the rush period led to the shortage of cash relative to model outputs.
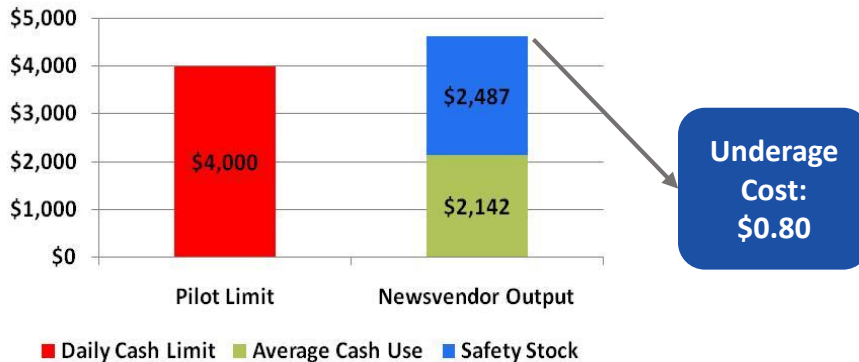
Due to the relatively high cost of underage, BWB must be able to quickly respond to variability

BWB can reduce daily cash requirements by offering gift cards to sellers in lieu of cash

Selling a Book with $50 Buy-back Value

% of Respondents

	Would accept a $50 gift card	Would accept a gift card of >$50
No	51%	37%
Yes	49%	63%

■ Yes   ■ No

Student Survey Insights

Half of respondents who would not accept a $50 gift card for the same cash value would accept a $70 gift card (40% premium) in lieu of cash.

Focus groups indicated that students might be more likely to accept gift cards in the Winter than in the Spring when buying needs are more pressing.

Source: Survey of undergraduate students from UNC – Chapel Hill and Duke University. N=248.

A card printing service provides the best option for producing BWB-branded gift cards

The card printing service minimizes required investment and provides ability to drive business to website

Do-It-Yourself

Pricing:
- $1,990 (Includes software, barcode reader and 250 cards)
- Printer: $1,000 - $10,000
- Cards: ~$50 per 500 cards

Features:
- Easy to use
- No maintenance or transaction fees
- Allows transaction tracking

Source: www.easygiftcardsolution.com

Card Printing Service

Pricing:
- Start-up: $495 - $795
- Set-up: $50/location
- Pre-Press: $35
- Logo: $75
- Cards: Between $0.28/card and $0.59/card
- Monthly Fee: $49

Features:
- Full-color front, black back
- Transaction and IP support

Source: www.ecardsystems.com

Full Service

Pricing:
- Logo Setup: $500 + $0.50 per card
- Load Fee: 3%
- Cards: Between $3.49/card and $3.89

Features:
- Can be used at millions of locations
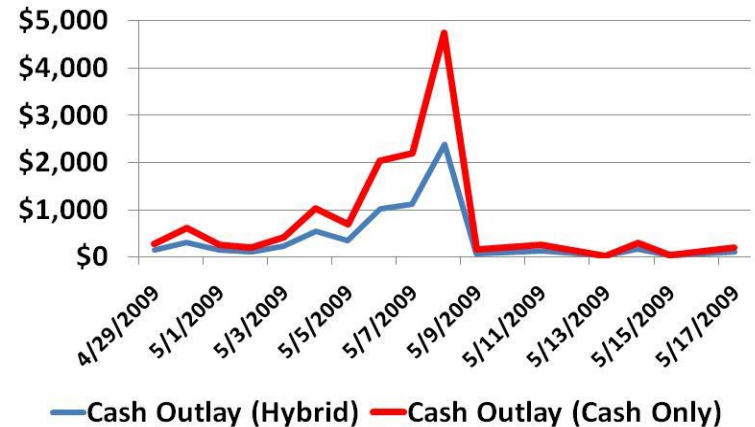- Can have co-branded logos

Source: www.mastercardgiftcard.com

Specifically, a cash/card hybrid system will help reduce cash outlay

Cash Outlay – Hybrid

Cash Outlay (Hybrid) ■ Gift Card Value
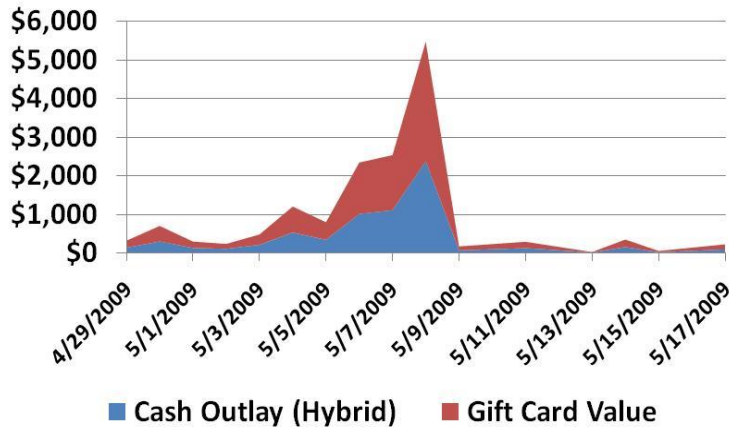
Source: BWB P2P Buy-back program pilot data and STAR team assumptions.

Cash Outlay – Hybrid vs Traditional

Cash Outlay (Hybrid) — Cash Outlay (Cash Only)

Source: BWB P2P Buy-back program pilot data and STAR team assumptions.

BWB can reduce cash outlay by nearly 49% by offering BWB gift cards with a 30% premium to cash. Pilot tests can be run to optimize gift card premium

Note: Assumes that 50% of the books purchased during the Notre Dame pilot were paid for with cash. The remaining books purchased were purchased at a 30% premium to the cash value using gift cards in $25 increments. Purchase values in excess of $25 increments were paid for in cash.

BWB should use a reverse logistics provider to reduce complexity and risk of book collection

Find Buyers

Train Buyers

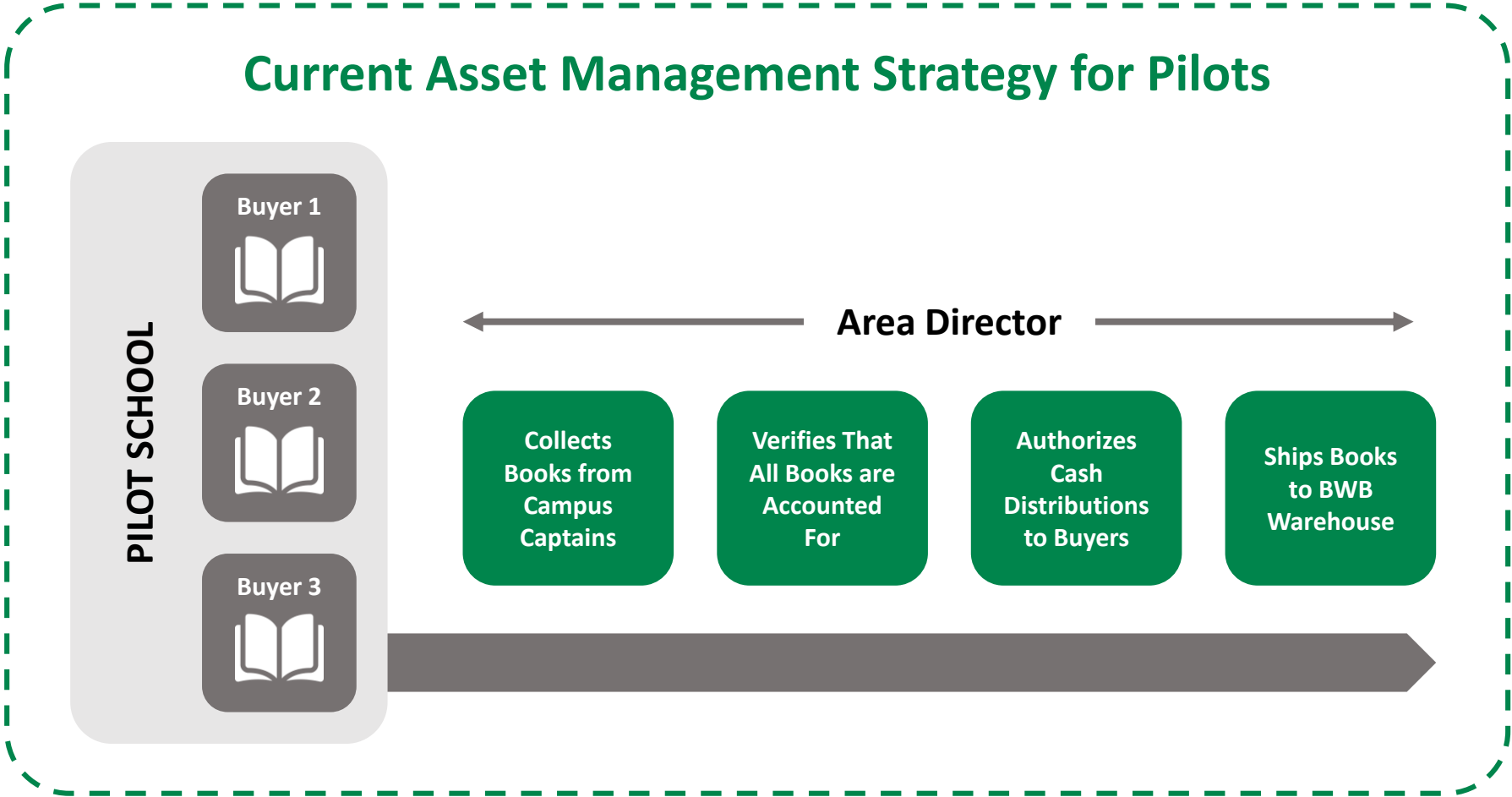**Buy Books**

Deliver Books

Reward Buyers

Current strategy effectively protects assets, but is overly reliant on Area Director involvement

Using reverse logistics support reduces complexity and frees up Area Director time for other activities including recruiting and training

Scalability is dramatically improved due to reduced fixed capital requirements, only minimal loss of control occurs
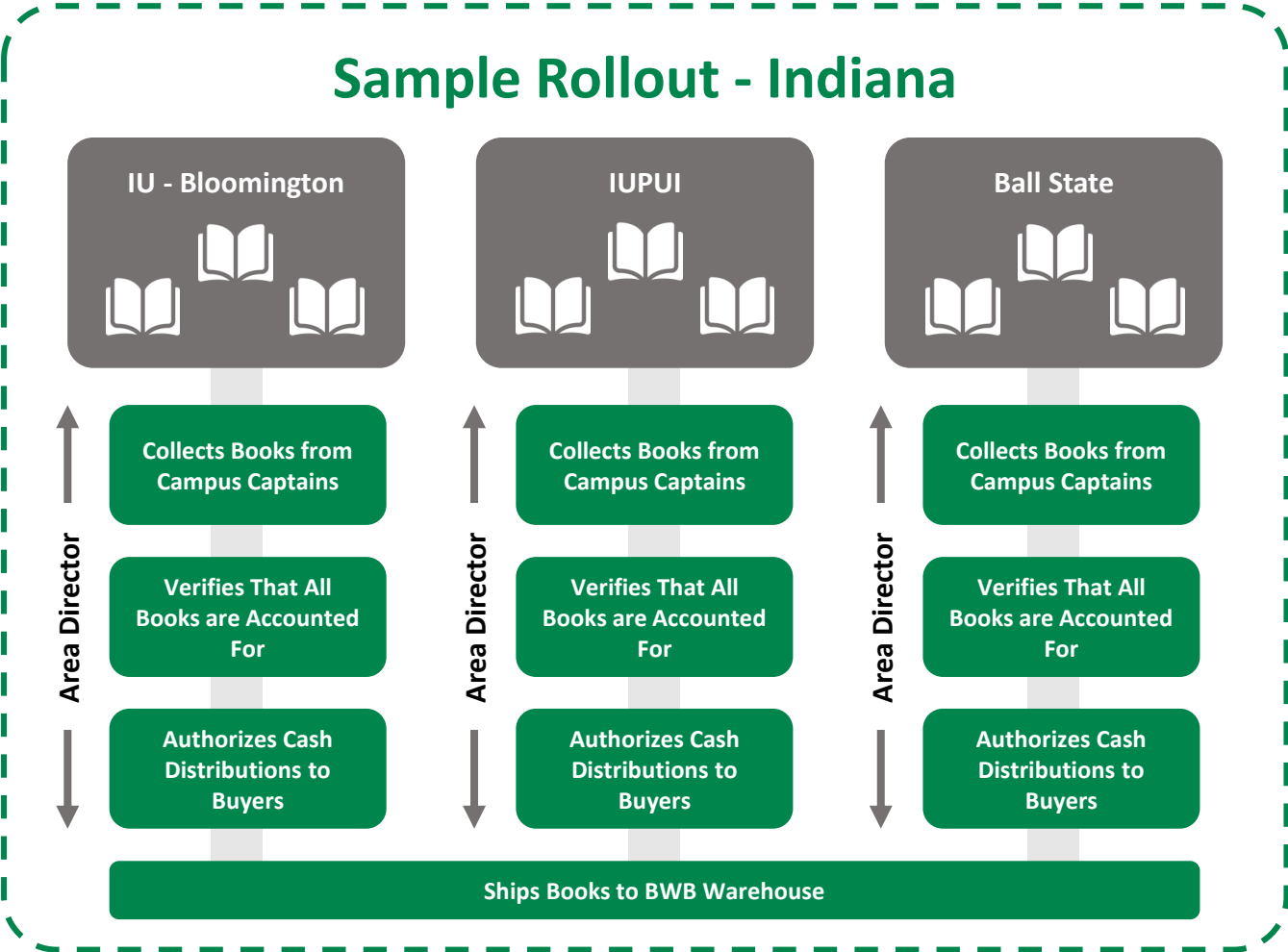
Reverse logistics also offloads much of the liability risk

BWB's current asset management strategy is solid, but heavily reliant on the Area Director

Current Asset Management Strategy for Pilots

PILOT SCHOOL

Buyer 1

Buyer 2

Buyer 3

Area Director

| Collects Books from Campus Captains | Verifies That All Books are Accounted For | Authorizes Cash Distributions to Buyers | Ships Books to BWB Warehouse |

As the program grows, asset management will become more challenging for Area Directors

Sample Rollout - Indiana

IU - Bloomington

Area Director

- Collects Books from Campus Captains
- Verifies That All Books are Accounted For
- Authorizes Cash Distributions to Buyers

IUPUI

Area Director

- Collects Books from Campus Captains
- Verifies That All Books are Accounted For
- Authorizes Cash Distributions to Buyers

Ball State

Area Director

- Collects Books from Campus Captains
- Verifies That All Books are Accounted For
- Authorizes Cash Distributions to Buyers

Ships Books to BWB Warehouse

Rolling out to three schools will increase the Area Director's time commitment by 3X for book collection alone.

As the program rolls out across the country, BWB will also have to build out its fleet of vans.

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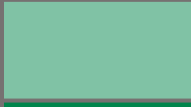
| Find Buyers | Train Buyers | Buy Books | **Deliver Books** | Reward Buyers |

A third-part reverse logistics provider would substantially improve scalability

Comparison of Asset Management Options

	Current Process	Logistics Company
■ High / ▢ Low		
Area Director Involvement	High	Low
Fixed Capital Investment	High	Low
Working Capital Investment	Medium	Medium-High
Control Over Process	High	Medium
Overall Scalability	Low	High

Many large logistics companies provide "reverse logistics" service, or manage the process of customer returns, including shipping and inventory tracking.

CAT Logistics   UPS

A logistics company could free up Area Directors time, create more capital flexibility and represent a more scalable solution

A third party logistics company reduces the complexity and demands on Area Directors

Sample Rollout – Indiana with Reverse Logistics Provider

IU - Bloomington

IUPUI

Ball State

Deliveries Confirmed

Reverse Logistics Provider

Cash to Buyers Authorized Immediately

Area Director

Books Shipped to BWB Warehouse

Reverse Logistics Provider
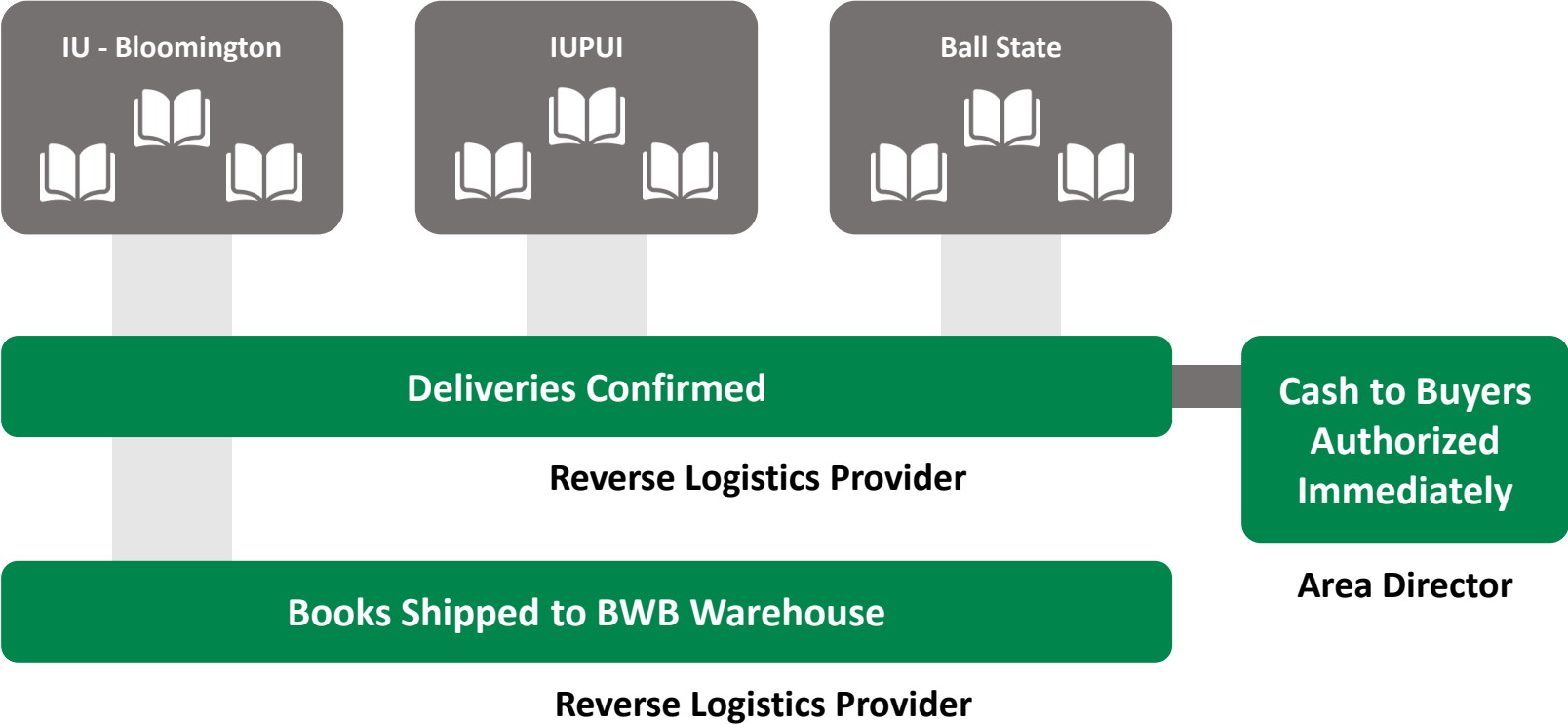
A logistics partnership also offers a unique marketing opportunity
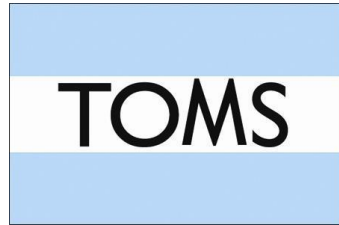
A BWB partnership with its logistics partner would closely parallel TOMS Shoes' partnership with AT&T

BWB should use non-financial rewards and competition to incent improved performance

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

An ideal reward systems includes both financial and non-financial rewards

Competition, within both the group and individual buyer models, can improve performance

Finding incentive systems that are less costly but provide value to buyers will create competitive advantage

BetterWorldBooks®

An ideal reward system includes both financial and non-financial rewards

For students, cash is the strongest motivator for job selection and retention, but they also value working with friends and the ability to strengthen their resume.

Financial ➤
- "Anniversary" cash bonuses
- Continue referral bonus program

Social ➤
- Host social events, company parties
- Establish online BWB rep community

Promotion ➤
- Incent top individuals with promotions
- Make promotion process clear
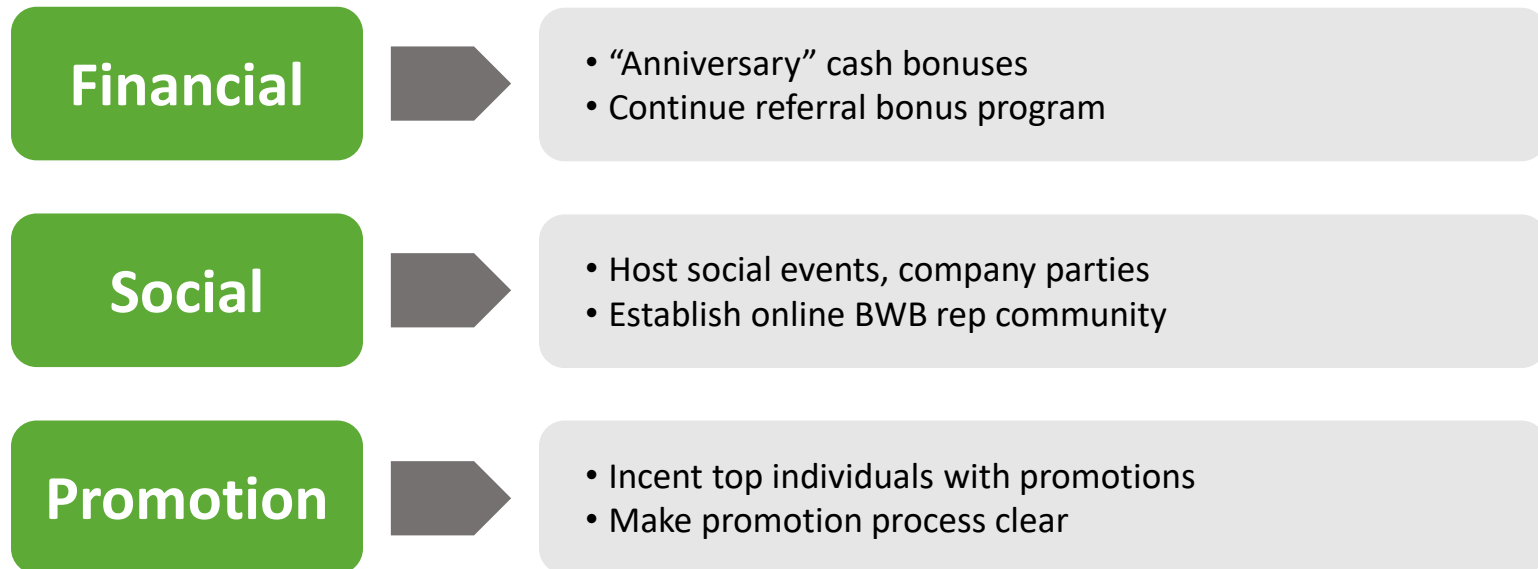
Source: Focus group interviews

BWB can offer a value proposition that far exceeds simple financial incentive and that will improve both recruiting and retention.

Competition, within the group and individual buyer model, can improve performance

Incentivize Individuals

Free iPods for top buyers on each campus or within each group

Incentivize Groups

Cash bonuses for top groups on campuses

Incentivize Brand Stewards

Five most engaged buyers nationwide travel to Africa with NPLPs to distribute books

Industry Supports Competition

Up to 90% of firms with a sales force regularly conduct sales contests as a way to motivate salespeople to meet short term sales targets

Research suggests that competitions should have more than one winner and should have short-term focus to maximize impact

Source: Palmer, Alex. "Success in Small Steps." Incentive; Feb2009, Vol. 183 Issue 2, p44-46, 3p
Lim, Noah. "Designing Sales Contests. Does the Prize Structure Matter?" Journal of Marketing Research (JMR); Jun2009, Vol. 46 Issue 3, p356-371.

We recommend an aggressive rollout built around an asset-light model

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

Rollout Considerations

An aggressive roll out plan will take advantage of the asset-light business model and minimize the impact of competitive response. 800 campuses in 5 years with projected NPV of $13.7MM
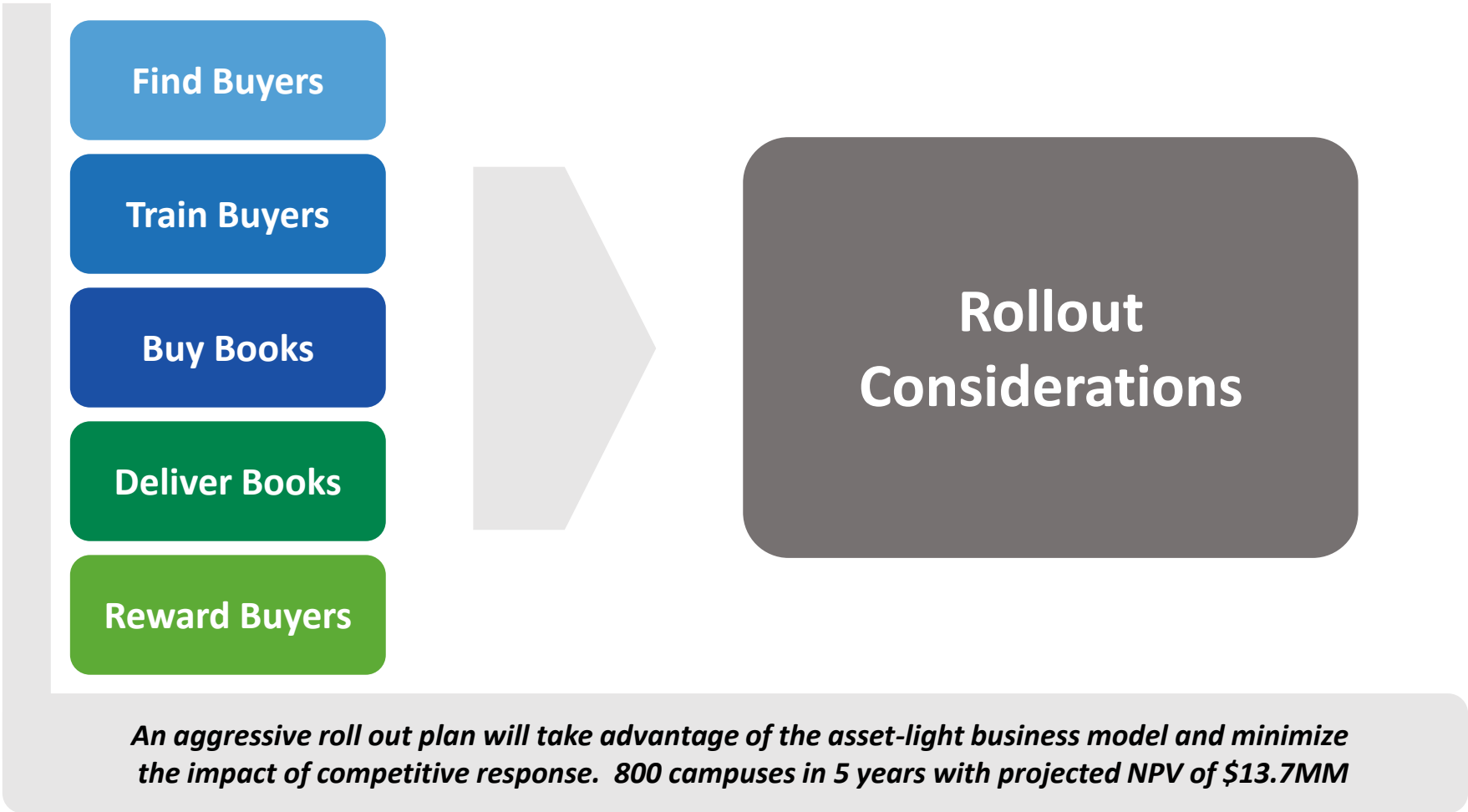
Primary remaining uncertainties are the impact of disruptive e-book technologies

Disruptive technology and competitive response are remaining variables

Competitive Response (vertical axis, Low to High)
Adoption of e-Books (horizontal axis, Low to High)

You win for a while
- P2P successful until bigger booksellers respond
- Stay asset light to minimize losses

You lose
- P2P successful in short term only
- Stay asset light to minimize losses

You lose
- Invest for the long term
- Bulk up

You win for a while
- P2P successful until eBooks take off
- Stay asset light to minimize losses

Our recommendations for rollout must follow existing commitments to geography and scale

Initial Thoughts on Rollout

Three "scale" options for rollout (aggressive, moderate, and slow)

Subvariables

1. Geographic organization
2. Public/private schools
3. Degree of competition with national bookstores

Given New Information on Pilot Rollout

80% of pilot campuses are B&N or Follett	Implies "high" competition with national bookstores
20 schools, 80-100 buyers	Implies fast rollout
Pilot schools concentrated in SE, Midwest	Implies geographically clustered model

We recommend that BWB rollout aggressively given minimal capital investment required

	Financial Impact	Capital Investment	Student Staffing Requirements	Competitive Response
Slow Rollout	5 year NPV $5.4 million	<$15k per semester	327 students and 82 groups by year 5	Dependent on campus selection
Moderate Rollout	5 year NPV $6.8 million	Up to $100k per semester	390 students and 98 groups by year 5	HIGH
Fast Rollout	5 year NPV $13.7 million	Up to $200k per semester	1040 students and 260 groups by year 5	MEDIUM

Fast Rollout option provides the highest return, balanced for the risk of competitive response. Staffing requirements remain the primary roadblock.

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| Find Buyers | Train Buyers | Buy Books | Deliver Books | Reward Buyers |

A rapid rollout provides for the most flexibility with regard to campus selection

School Selection

Ensure that campuses with B&N and Follett bookstores are well-represented, but a fast rollout provides for the most flexibility in terms of prioritizing geography, demographics, etc.

Buyer Types

Groups should be primary focus, particularly on B&N/Follett campuses, but a fast rollout provides an opportunity to experiment with both models and to refine approach by data analysis

Competitive Response

	Probability of Response
Fast Roll Out v. Large Bookseller	25%
Fast Roll Out v. Independent	25%

NPV of $13.7M over 5 years

A fast roll out will make it difficult and costly for large booksellers to respond with sufficient strength

Pilot testing will allow BWB to verify assumptions and identify best practices

Identify campuses which fit selection criteria

Collect data on selection metrics for each pilot campus

Recruit and train individual and group buyers

Collect data on hired buyers and their performance

Assess relevance of metrics and buyer demographics
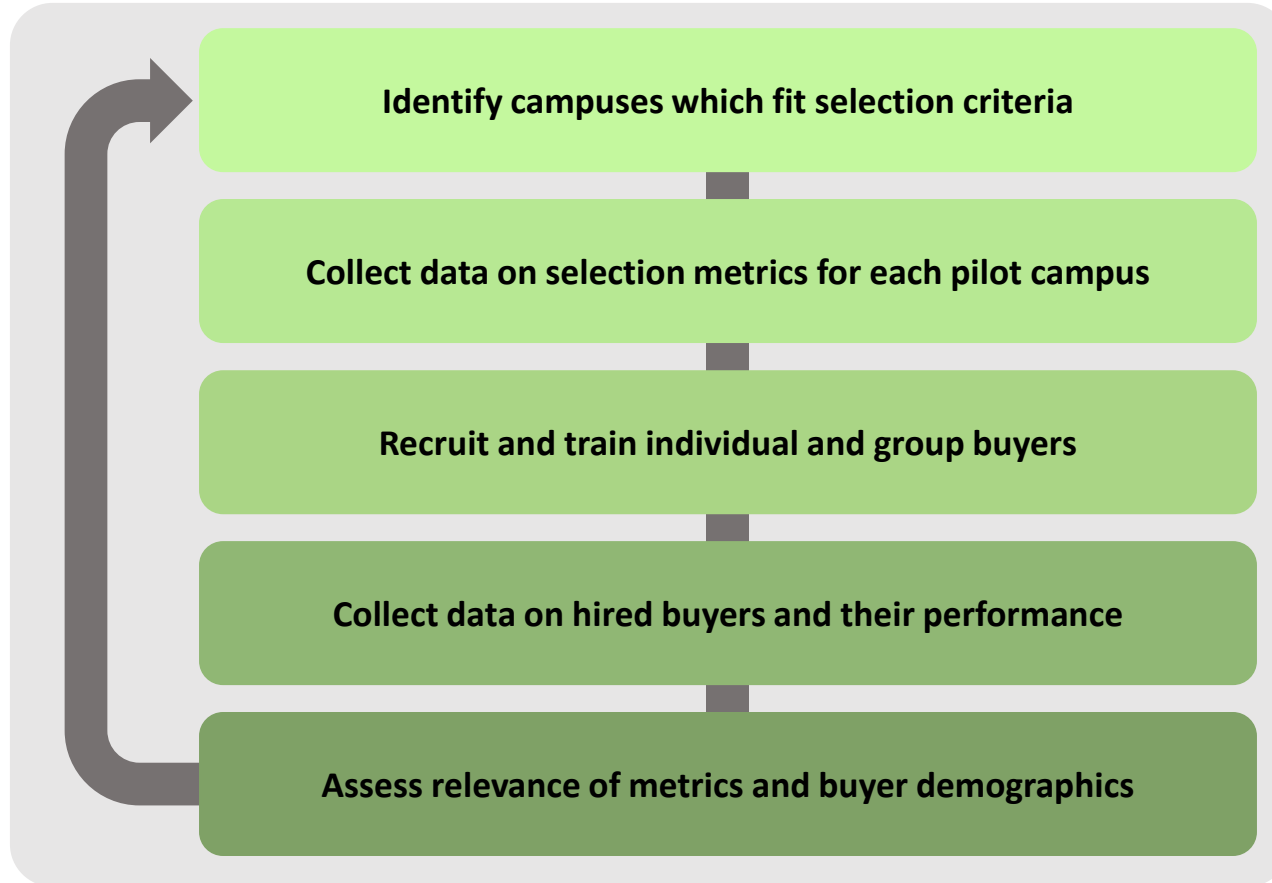
Process should be constantly measured and refined as more data becomes available

Future of P2P: Continue pilot to refine model, then fully roll out based on test data
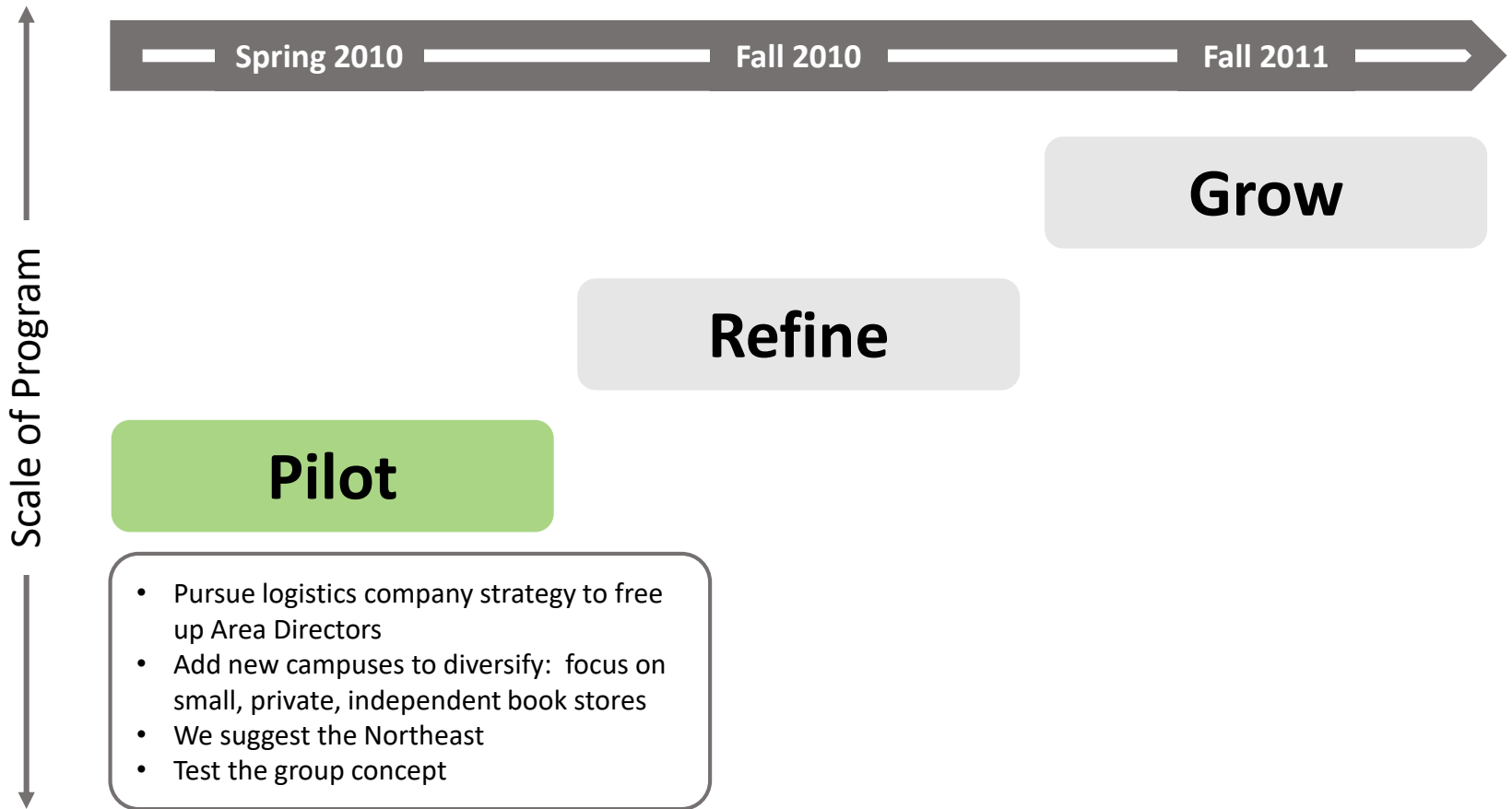
Scale of Program

Spring 2010   Fall 2010   Fall 2011

Grow

Refine

Pilot

- Pursue logistics company strategy to free up Area Directors
- Add new campuses to diversify: focus on small, private, independent book stores
- We suggest the Northeast
- Test the group concept

Future of P2P: Continue pilot to refine model, then fully roll out based on test data

Scale of Program

Spring 2010   Fall 2010   Fall 2011

Grow

Refine

Pilot

- Regress on pilot data to identify "best" fit campuses
- Quantify effectiveness of groups

Future of P2P: Continue pilot to refine model, then fully roll out based on test data

Spring 2010 — Fall 2010 — Fall 2011

Scale of Program

Pilot

Refine

Grow

- Mature model with variants for campus types, group vs individual

Go big!
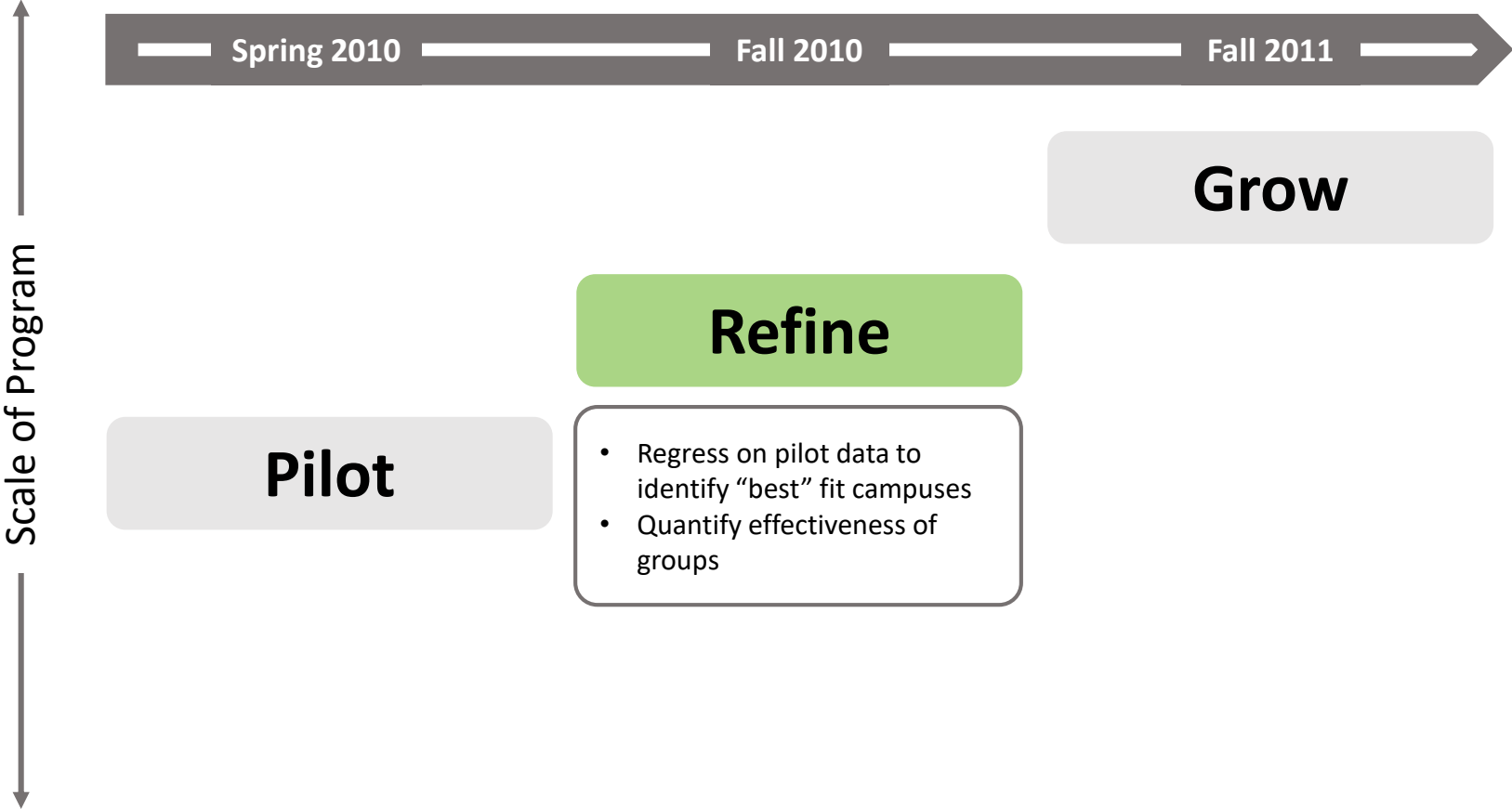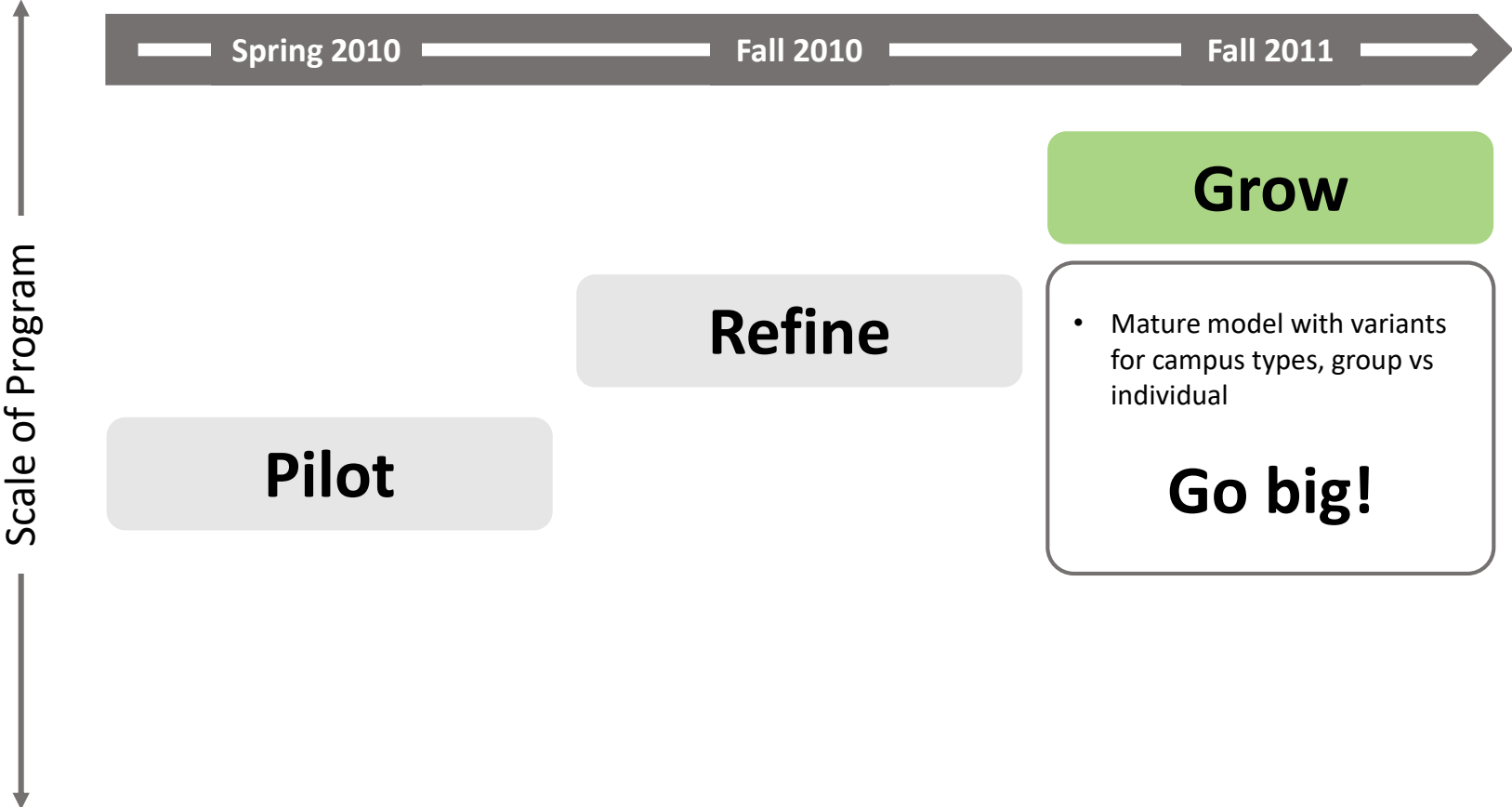
Employing our recommendations can help mitigate the most significant risks

Risk	Likelihood of Occurrence	Impact if Risk Manifests	Strategy for Mitigation
Follett and Barnes & Noble leverage campus relationships in response to BWB threat	High	Medium	Aligning with campus organizations (groups) provides license to operate
Personnel risk – Area Directors will play a huge role in recruiting and training	Medium	High	Provide Area Directors with clear guidance on selection and training processes
Textbook sharing models and/or e-Books become substantially more popular	Medium	High	Move quickly to capture large share of the market
Ineffective candidates selected for buyer positions	Medium	High	Scientific and iterative selection process
An adverse event (BWB vehicle strikes a pedestrian) creates huge liability	Low	Medium	Employing a logistics company can shift the liability to another party
Cash Flight Risk	Low	Low	Newsvendor and gift cards reduce cash needs

Better World Books
Peer-to-Peer Buy-back Program

Appendix

Appendix

Value Chain

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

Financial/Rollout

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Groups are loyal to fundraising partners, especially if process is streamlined

Groups are Loyal...

"Sport Clubs typically sets up with the same organizations – our more successful fundraisers are highly structured."

...But Open-Minded

"In general, we're receptive to any opportunities to raise funds that are at least as easy and/or profitable as what we're already doing."
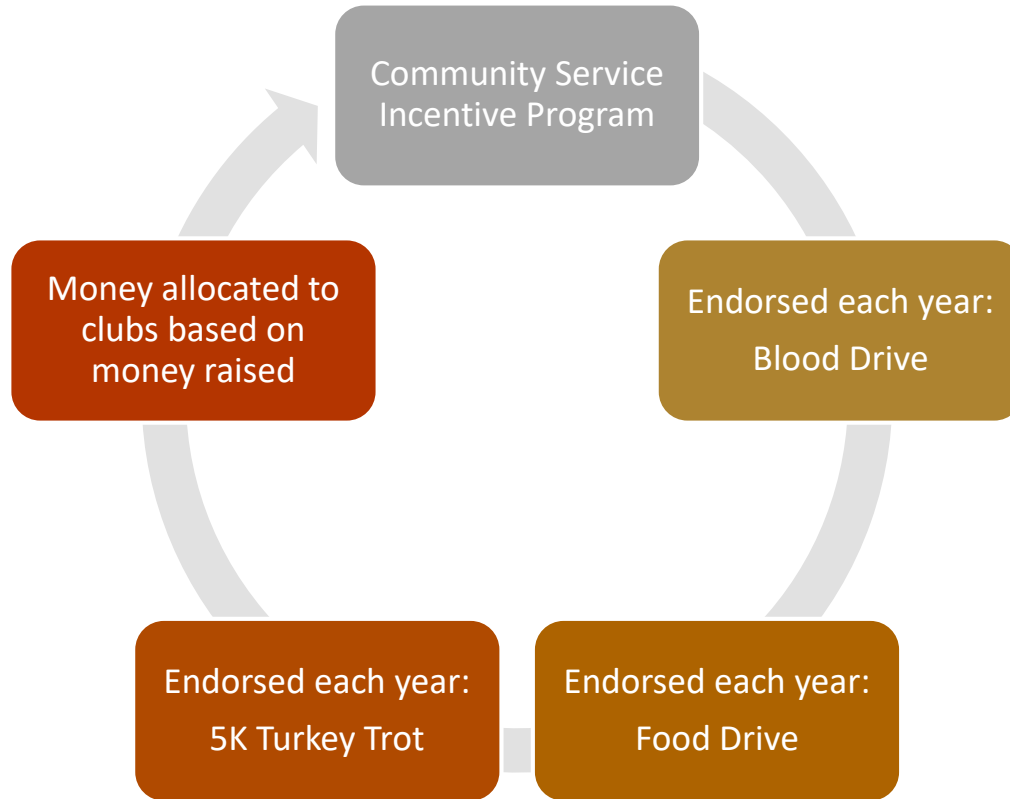
> Reach out to "rising" student leadership early

> Use competitions to increase group engagement and retention

**Retaining effective individuals is important
Retaining groups is critical to maximizing profit**

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Where to go at UNC

UNC Club Sports Funding Structure

Community Service Incentive Program

Endorsed each year: Blood Drive

Endorsed each year: Food Drive

Endorsed each year: 5K Turkey Trot

Money allocated to clubs based on money raised

If your organization is endorsed by the UNC Club Sports Community Service Incentive Program then teams will come back to you year after year.

The program allocates club funds based on how well groups do in a competition to either raise the most blood, food, or register the most runners

Source: UNC Campus Recreation

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How to reach out to groups specifically

Email

- Articulate that they can earn up to 1,000 for less than a week or so of work
- Add information on how easy a fundraiser this could be for them

Confirm

- Meeting/phone call with team president
- Make sure that the president understands what you are interested in and is really willing to commit

Support

- Filers to email out to listservs
- Posters
- Tables
- Instructions/ goals/ script

"Our more successful fundraisers are highly structured."
-Ryan White, Men's Rugby President

"ESPN is the one fundraiser that we've done thus far that hasn't been through Sport Clubs or our usual contacts. The production company contracted to film the FSU game for ESPN contacted us directly and asked for 20 people to work the game."
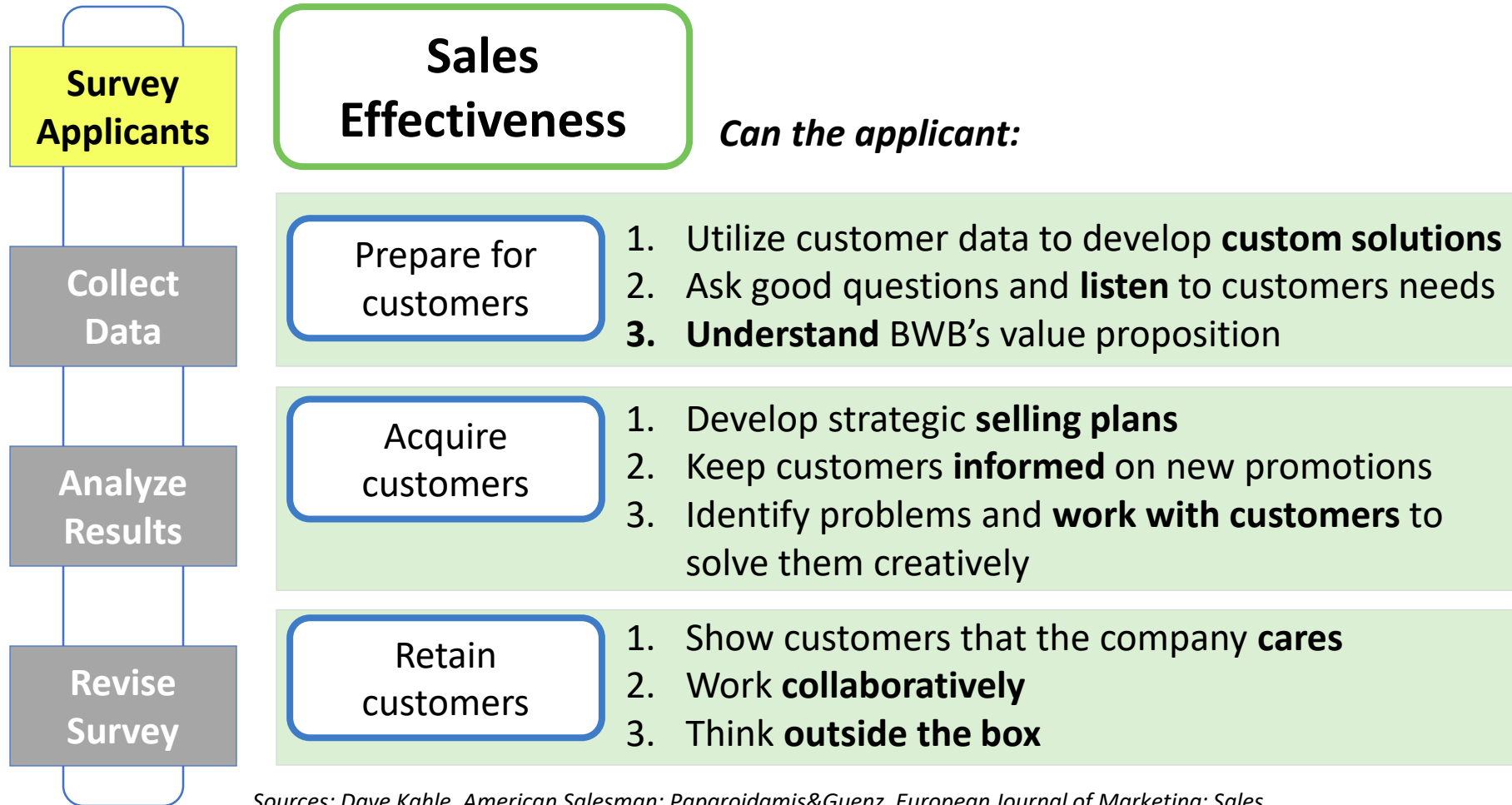**-Ryan White, Men's Rugby President**

BetterWorldBooks®

Sales effectiveness traits can be measured during selection process

Survey Applicants

Collect Data

Analyze Results

Revise Survey

Sales Effectiveness

Can the applicant:

Prepare for customers

1. Utilize customer data to develop **custom solutions**
2. Ask good questions and **listen** to customers needs
3. **Understand** BWB's value proposition

Acquire customers

1. Develop strategic **selling plans**
2. Keep customers **informed** on new promotions
3. Identify problems and **work with customers** to solve them creatively

Retain customers

1. Show customers that the company **cares**
2. Work **collaboratively**
3. Think **outside the box**

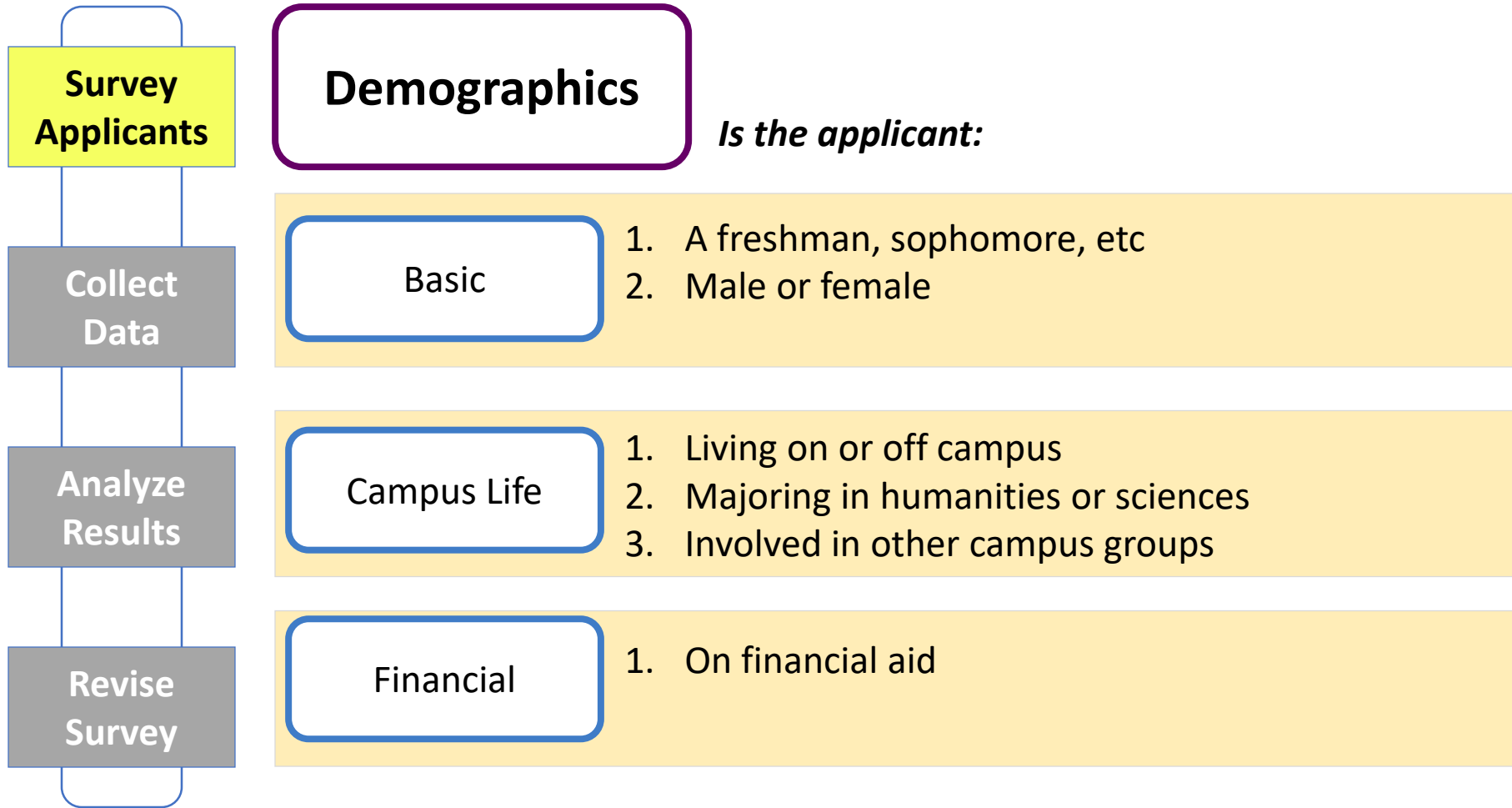*Sources: Dave Kahle, American Salesman; Paparoidamis&Guenz, European Journal of Marketing; Sales Effectiveness in World-Class Organizations, the Forum Corporation*

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Brand stewardship is critical and can be measured through proxies during selection

Survey Applicants

Brand Stewardship

Has/is the applicant:

Collect Data

Mission alignment

1. Worked on a BWB **book drive** or purchased a book
2. A **fan** of BWB on Facebook
3. Knowledgeable and convincing about BWB's value proposition and **mission**?

Analyze Results

Personality

1. A "**node**" of their social network (outgoing)
2. A "self-starter"
3. An active Facebook user

Revise Survey

Leadership

1. Held positions of **responsibility** before
2. Demonstrated **trustworthiness** in previous roles

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Basic demographic information will allow BWB to tailor the student buyback "sales force"

Survey Applicants

Collect Data

Analyze Results

Revise Survey

Demographics

Is the applicant:

Basic
1. A freshman, sophomore, etc
2. Male or female

Campus Life
1. Living on or off campus
2. Majoring in humanities or sciences
3. Involved in other campus groups

Financial
1. On financial aid

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Refine selection process with an iterative and predictive regression model

Calculate Selection Score

$\sum$ 7*(sales effectiveness) + 6*(brand stewardship) + 3*(demographics)

Calculate Effectiveness Score

$\sum$ 9*(sales metrics) + 6*(fit metrics) + 4*(halo metrics)

Correlate and Review
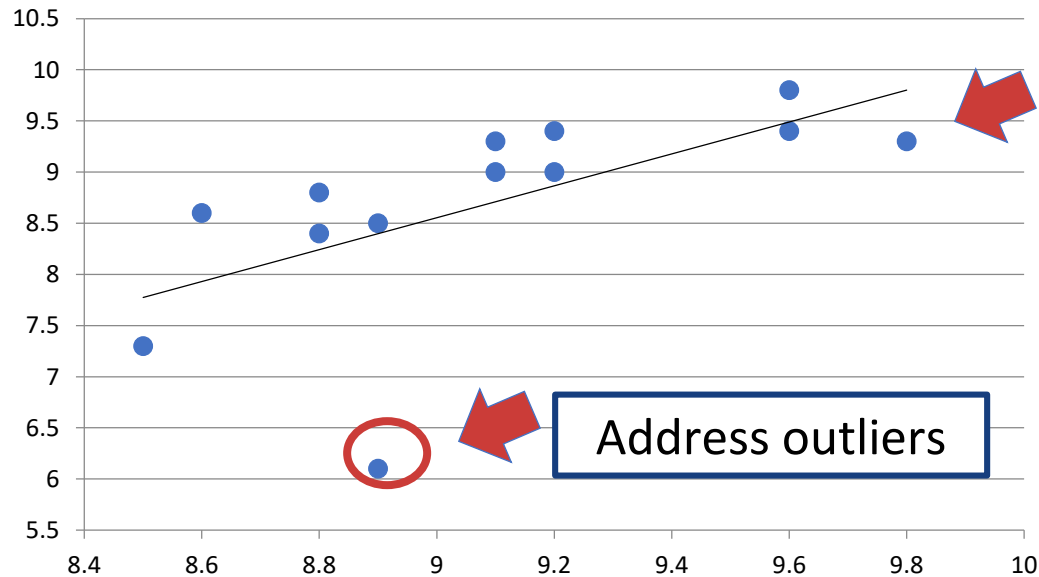
Eliminate criteria that are not predictive

Address outliers

* Illustrative Figures Only

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Appendix

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Value Chain

    Find Buyers

    Train Buyers

    Buy Books

    Deliver Books

    Reward Buyers

Financial/Rollout
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BetterWorldBooks

"Campus Ambassadors" are an emerging marketing and sales phenomenon

BetterWorldBooks
WWW.BETTERWORLD.COM

Shift away from traditional media

Student Ambassadors

Access to college student market

Dominance of social media, word of mouth

Distrust of traditional corporate messaging

How to find the best students?

Cheap labor that knows the audience

Attractive resume builder for students

10K+ ambassadors nationwide
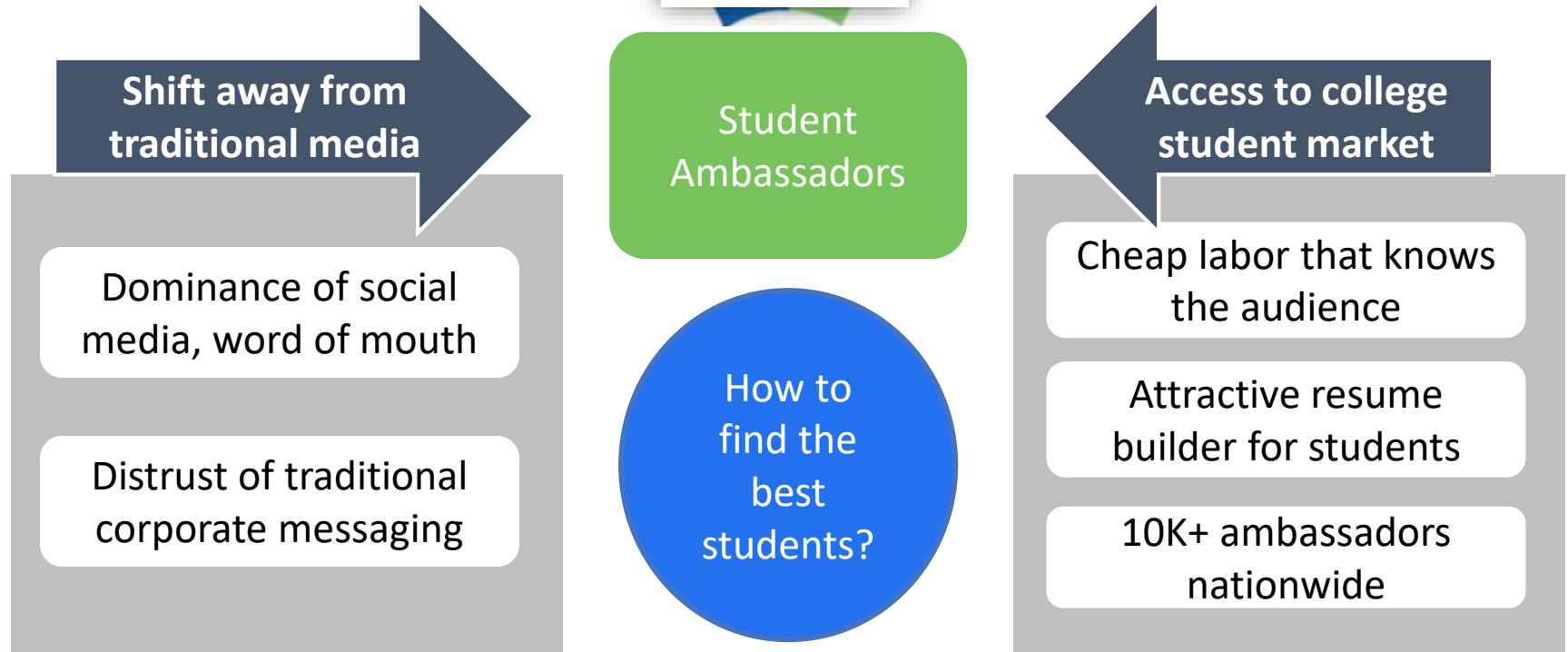
Corporations and organizations increasingly use student ambassadors to reach the $231 Bn college market

Source: "Building a Buzz on Campus", Boston Globe, October 24, 2005. Online at
~~http://www~~.boston.com/news/education/higher/articles/2005/10/24/building_a_buzz_on_campus/

BetterWorldBooks

Case Study: Southwestern

SOUTHWESTERN

Southwestern is the nation's oldest direct selling firm; they use students as independent contractors who sell educational material and sometimes spin off new businesses

Recruiting

• Southwestern recruits through word of mouth, University career offices, and also by offering academic credit for the job

Selection

• Selection is self-guided, because students are contractors
• SW also meets candidates' parents
• SW asks students to demonstrate persuasive skills by sell themselves as candidates
• SW does not believe in "natural" sales people

Training

• Week-long training in Nashville "MTV meets Bootcamp"
• Curriculum via powerpoint, role play, lessons of experience
• Focus on sales plan development in small groups, also selling basics (cycle of sales, the pitch, ethics, cost containment, etc)

Retention

• Social aspect built in with weekly team meetings
• Opportunity to be employed in portfolio companies

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Case Study: University Directories

Recruiting

Selection

Training

Retention

UD is a leading campus media and marketing company; they use students as on-campus marketers

- UD uses universities' career services websites in coordination with published ads in the directories they distribute
- Also use facebook, listeservs, and email campaigns

- Select for students that are motivated, confident and have a good work ethic
- Focus on academic achievements but also retrospective situational questions (behavioral style)

- 5 to 8-day training with 700 students
- Use "sales rep central" web area for questions, also for competition
- Managers conduct periodic "ride alongs"

- Focus on resume building

Case Study: Nourish International

Nourish International is a national non-profit organization focused on poverty alleviation. Nourish recruits students to serve as Chapter leaders.

Recruiting

- Recruiting is via targeted departmental listservs
- 1 FTE dedicated to student queries due to complex application process

Selection

- Selection via written application, phone interviews
- Assessed interest in the mission, motivation
- Either/or questions, problem solving case style questions, role plays
- Ranked candidates 1-7 with some characteristics weighted
- GPA largest predictor of success

Training

- 5-day training featuring "chapter plan competition", lessons of experience, information about the organization
- Bi-weekly "refresher" calls

Retention

- No specific retention efforts; motivation was inherent

Case Study: Harvard Student Agencies

Harvard Student Agencies, Inc.

HSA is a student-run non-profit corporation that manages 9 agencies from travel guides to bartending

Recruiting

- Recruit as early as "pre-frosh" weekend, also participate in campus activities fair
- Generate interest via email campaigns, door drops, mailings

Selection

Training

- HR firm trains student managers on interviewing candidates
- Student leaders select their team during a weeklong process
- Look for experience, mission alignment, fit, decision making, delegation, prioritization, common sense, proactive-ness
- Identified these criteria with help of HR expert
- Assess criteria using retrospective behavioral questions

Retention

- Retention based on social aspects
- Also opportunity for yearly bonus – bonus criteria and maximum bonus is clear so students know where they stand

Case Study: Mr. Youth

Recruiting

Mr Youth is a leading youth marketing firm focuses on engaging individuals with brands

- Mr Youth recruits students for its clients via "Rep Nation" – an online space where students can find brands, campaigns that they are interested in
- Opportunities vary in commitment, difficulty, and compensation structure (in kind or cash)

Appendix

Value Chain

Find Buyers

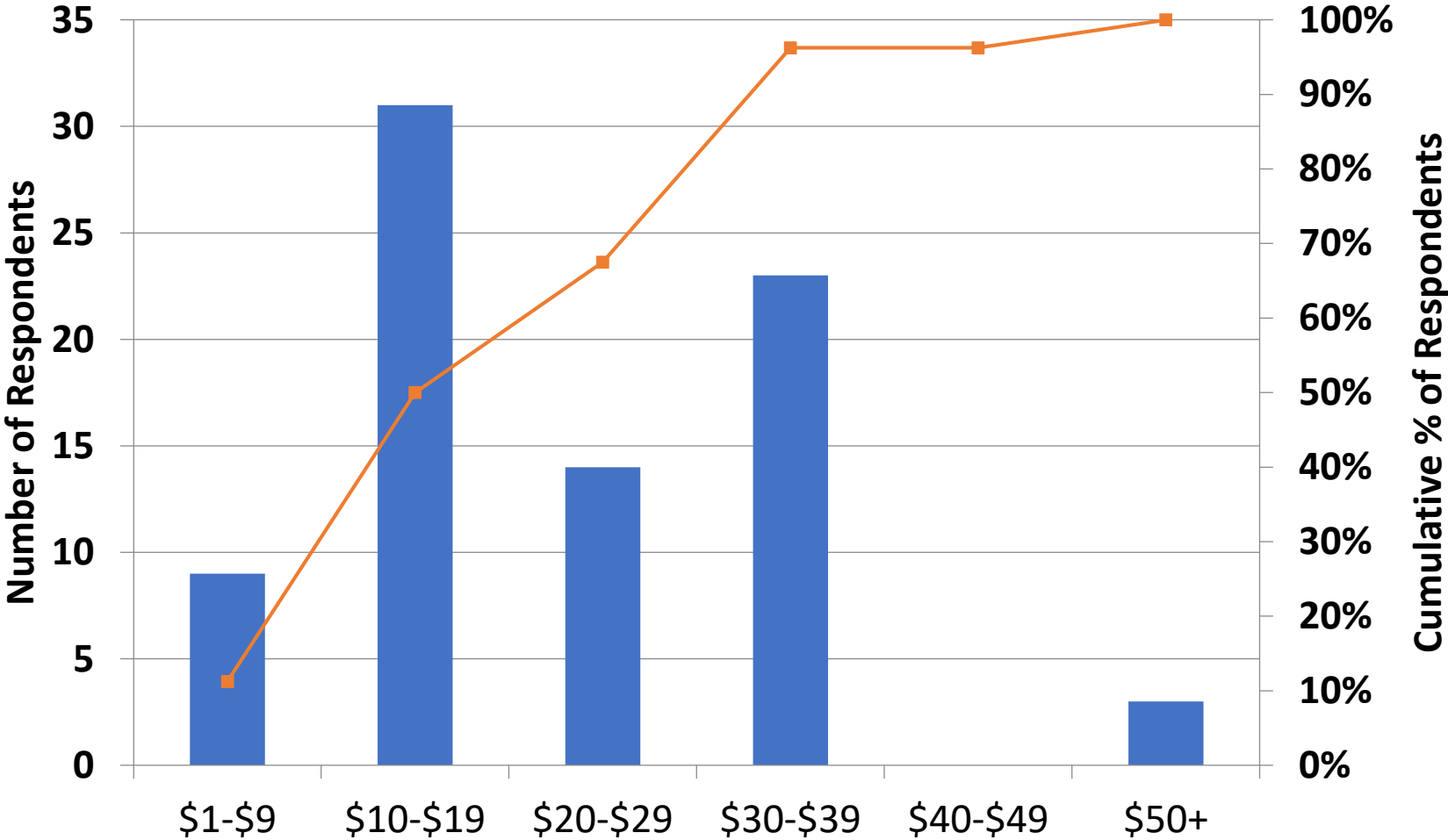Train Buyers

Buy Books

Deliver Books

Reward Buyers

Financial/Rollout

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Some students require a premium to accept a gift card in lieu of cash

Premium Required to Accept a Gift Card in Lieu of $50 Cash

Source: Survey of undergraduate students from UNC – Chapel Hill and Duke University. N=80.

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Branded gift cards create an attractive value proposition beyond reducing cash outlay

Increased brand recognition, increased sales and decreased working capital requirements increase the attractiveness of gift cards for BWB.
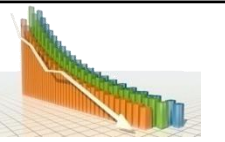
Brand Awareness

20% of consumers reported receiving a gift card from a company they did not normally frequent and becoming a regular shopper.

Increased Sales

Over 50% of consumers report spending more than the gift card value either "Often" or "Always".
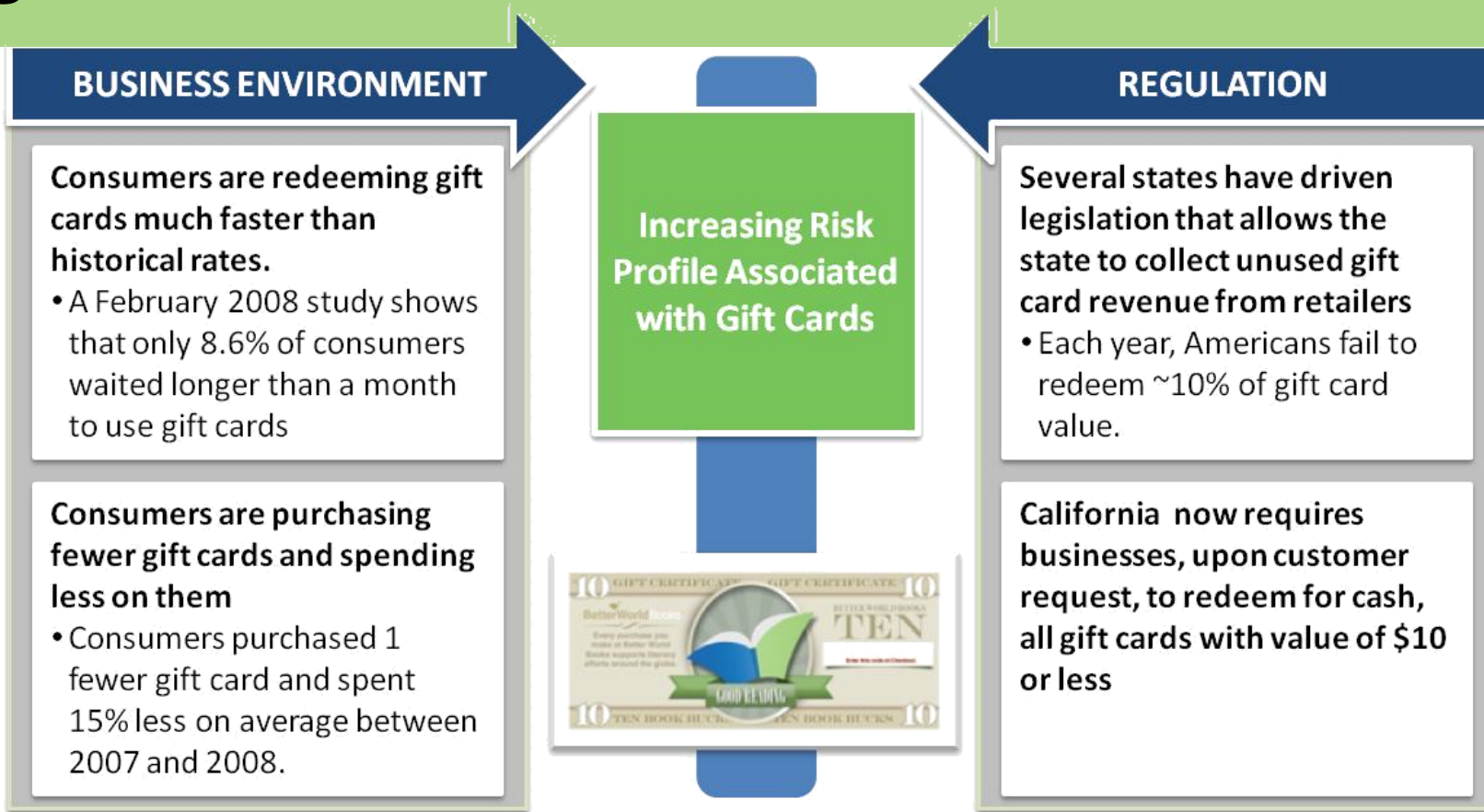
Decreased Working Capital

42% of consumers wait at least one month to redeem the value of their gift cards.

Source: Storedvalue.com

There are certain business and legislative risks to monitor

BUSINESS ENVIRONMENT

Consumers are redeeming gift cards much faster than historical rates.
- A February 2008 study shows that only 8.6% of consumers waited longer than a month to use gift cards

Consumers are purchasing fewer gift cards and spending less on them
- Consumers purchased 1 fewer gift card and spent 15% less on average between 2007 and 2008.

Source: Women's Wear Daily and blogs.creditcards.com

Increasing Risk Profile Associated with Gift Cards

REGULATION

Several states have driven legislation that allows the state to collect unused gift card revenue from retailers
- Each year, Americans fail to redeem ~10% of gift card value.

California now requires businesses, upon customer request, to redeem for cash, all gift cards with value of $10 or less

Source: wsj.com and adlawbyrequest.com

Gift cards remain a viable option for BWB because of their potential to drive increased sales and brand recognition.

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eCard Systems Pricing

Card Program Pricing

eCard Systems

Startup Packages

- **500 Custom Startup Package** — 495.00 — Design and production of 500 custom cards, 500 standard card holders, countertop display, account and program setup.
- **1,000 Custom Startup Package** — 795.00 — Design and production of 1,000 custom cards, 1,000 standard card holders, countertop display, account and program setup.

Custom Program Startup

- **Per Location Setup** — 50.00 — Terminal programming, account coding & operational materials.
- **Card Production**

Quantity	500	1,000	1,500	2,000	2,500	3,000	4,000	5,000	7,500	10k
Cost per card	.59	.49	.46	.43	.39	.38	.37	.35	.32	.28

- **Card Graphics/Layout** — 75.00 — Per card design (no charge if print-ready artwork layout supplied)
- **Prepress** — 35.00 — Per card design (covers film, plate, proof & minor artwork corrections)

Monthly Program Cost Options

A — FLAT MONTHLY FEE
- Gift Card & Loyalty programs — 39.00 — Per month—UNLIMITED gift card transactions with IP processing
  - 49.00 — UNLIMITED gift & loyalty card transactions with IP processing
  - use of a dial up terminal with flat fee option may incur a long-distance cost from your telecom provider with each transaction

B — PER-TRANSACTION
- Gift Card & Loyalty programs — 15.00 — Per month + .15 per transaction
  - best value if card sales are less than 350 per year

Recommended Equipment

- **Virtual Terminal** — n/c — Any PC with an internet connection can process IP transactions via our web-based Virtual Terminal. No special software needed. Allows you to use our unlimited transaction flat monthly fee option.
- **VeriFone Vx570 DualCom (IP)** — 459.00 — Multi-application terminal for processing fast IP transactions via DSL or Ethernet with unlimited flat monthly fee transactions.
- **VeriFone Vx510 Dial-Up** — 299.00 — Multi-application terminal, dial-up capability only
- **VeriFone Vx510LE Dial-Up** — 249.00 — Single application, dial terminal

Merchandising & Promotion

- A variety of in-stock, preprinted card holders and displays may be viewed at www.ecardsystems.com

TEL: 866-776-7409 • FAX: 615-942-9638 • WEB: www.ecardsystems.com

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Students are willing to buy their textbooks early

Willingness to Purchase Textbooks Early

38%

62%

■ Yes

■ No
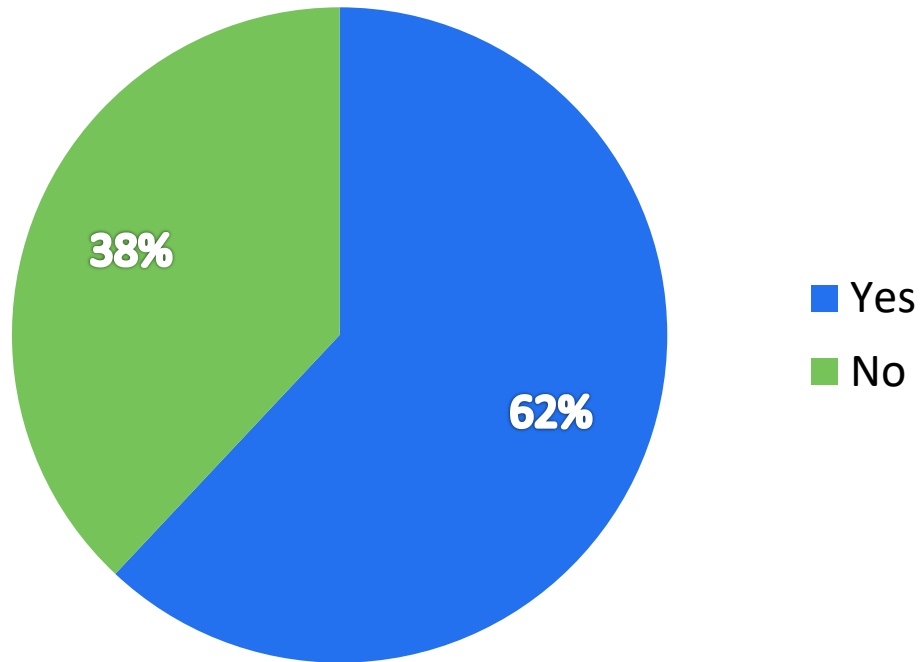
Students were asked:
"If you knew which books you needed for your fall courses, would you buy the books early in the summer?"

Source: Survey of undergraduate students from UNC – Chapel Hill and Duke University. N=285.

BetterWorldBooks®

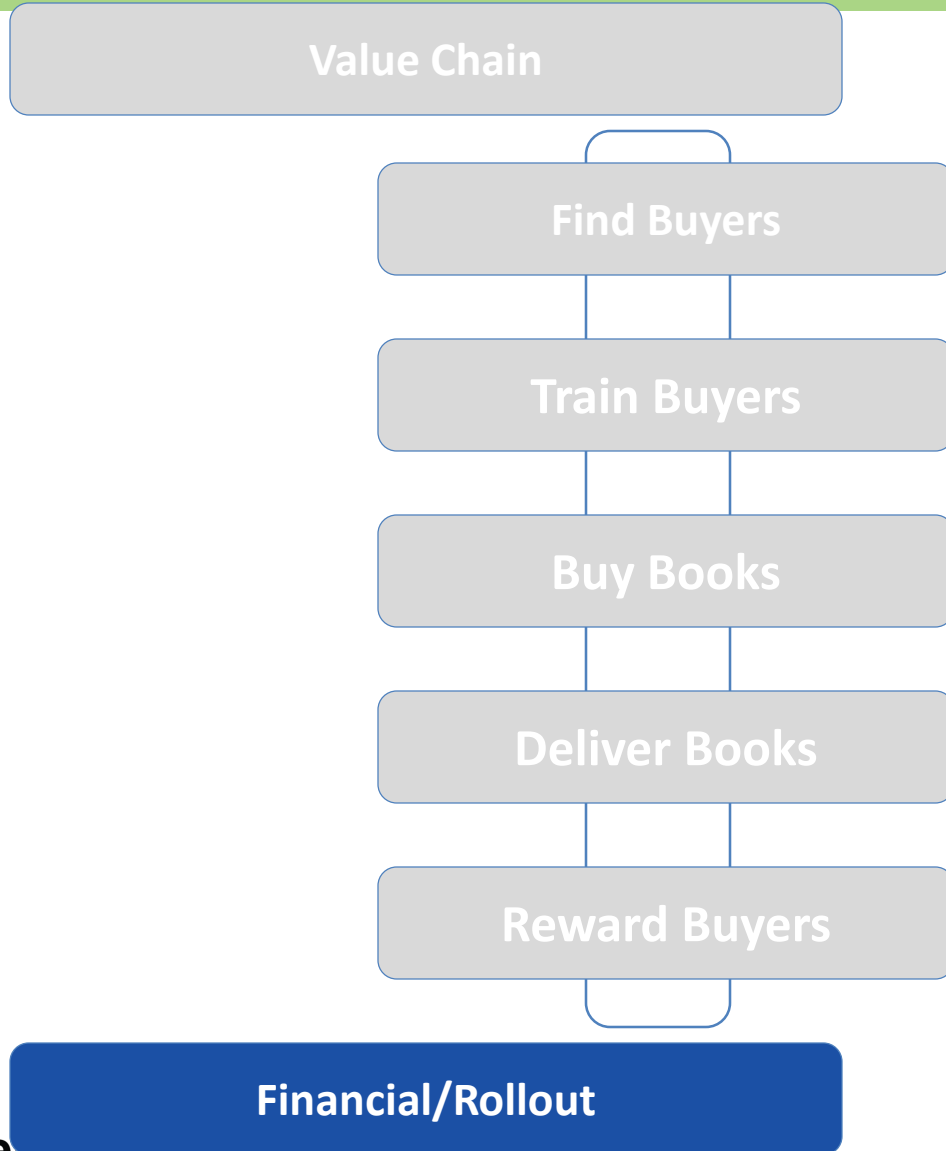# There's a problem: Students don't know what books they need

Students don't know what books they need in advance, so using their preferences to drive discounting activity is problematic.

Source: Focus group interviews and personal experience

Local competitors identify required books. This could be an opportunity for BWB.

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Appendix

Value Chain

Find Buyers

Train Buyers

Buy Books

Deliver Books

Reward Buyers

Financial/Rollout

We recommend that BWB roll out as aggressively as possible given minimal capital investment required

	Financial Impact	Capital Investment	Student Staffing Requirements	Competitive Response
Slow Rollout	5 year NPV $1.4 million	<$15k per semester	74 students and 19 groups by year 5	Dependent on campus selection
Moderate Rollout	5 year NPV $5.5 million	Up to $100k per semester	520 students and 130 groups by year 5	HIGH
Fast Rollout	5 year NPV $12.2 million	Up to $200k per semester	1040 students and 260 groups by year 5	MEDIUM

Fast Rollout option provides the highest return, balanced for the risk of competitive response. Staffing requirements remain the primary roadblock.

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A slow rollout requires avoiding major competitors but doesn't impose the need to recruit groups

School Selection

Focus on schools where bookstores are independently operated in order to avoid swift competitive response from B&N or Follett.

Buyer Types

Can afford to recruit primarily individuals. Ensuring loyalty of groups early not critical to fighting off competitive response threat.

Financial

NPV of $5.4M over 5 years.

Competitive Response

● High ○ Low	Probability of Response
Small Roll Out v. Large Bookseller	●
Small Roll Out v. Independent	◔

If aware of the threat, large booksellers will fight a small roll out to avoid future competition.

A moderate rollout requires a focused school selection plan, but can provide an effective platform for long-term viability

School Selection

Target campuses with bookstores operated by Barnes & Noble or Follett in an effort to build a footprint which is difficult to immediately confront.

Buyer Types

Retaining groups as buyers is critical. Groups will ensure ongoing viability if competitors duplicate efforts. Affiliation with groups can also provide a license to operate if challenged by University.

Financial

NPV of $6.8M over 5 years.

Competitive Response

● High ○ Low	Probability of Response
Moderate Roll Out v. Large Bookseller	
Moderate Roll Out v. Independent	

A moderate roll out will only be successful if it targets the majority of a large bookseller's campuses.

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Financial model assumptions are as follows

Semester	1	2	3	4	5	6	7	8	9	10
Campus Characteristics Assumptions										
# of campuses	10	50	100	200	300	400	500	600	700	800
Average undergrad pop	17705	16000	15000	14500	14200	13900	13700	13500	13000	13000
Expected penetration	10.00%	9.50%	9.00%	8.60%	8.25%	8.00%	7.75%	7.50%	7.00%	7.00%
Buy-back Metric Assumptions										
Books per student seller	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Donated books	11%	11%	11%	11%	11%	11%	11%	11%	11%	11%
Purchased books	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Avg $ value paid to students	$ 10.97	$ 10.97	$ 10.97	$ 10.97	$ 10.97	$ 10.97	$ 10.97	$ 10.97	$ 10.97	$ 10.97
Gross margin % on $ paid	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Buyer Compensation Assumptions										
Projected "Buyer equivalents" required	51	218	386	713	1005	1271	1517	1736	1820	2080
"Buyer equivalents" hired	51	218	386	713	1005	1271	1517	1736	1820	2080
Share of groups	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
USB Scanner	$90									
Cost of Capital	20%									

NPV Sensitivity to Cost of Capital

Rollout Scenario	5%	15%	20%	25%	35%
Slow	$8.6M	$7.3M	$5.4M	$4.7M	$3.6M
Moderate	$10.8M	$7.9M	$6.8M	$6.0M	$4.6M
Fast	$22.0M	$15.9M	$13.7M	$11.8M	$9.0M

The following metrics should be utilized in assessing the likelihood of a particular school to be a successful campus for P2P Buy-back
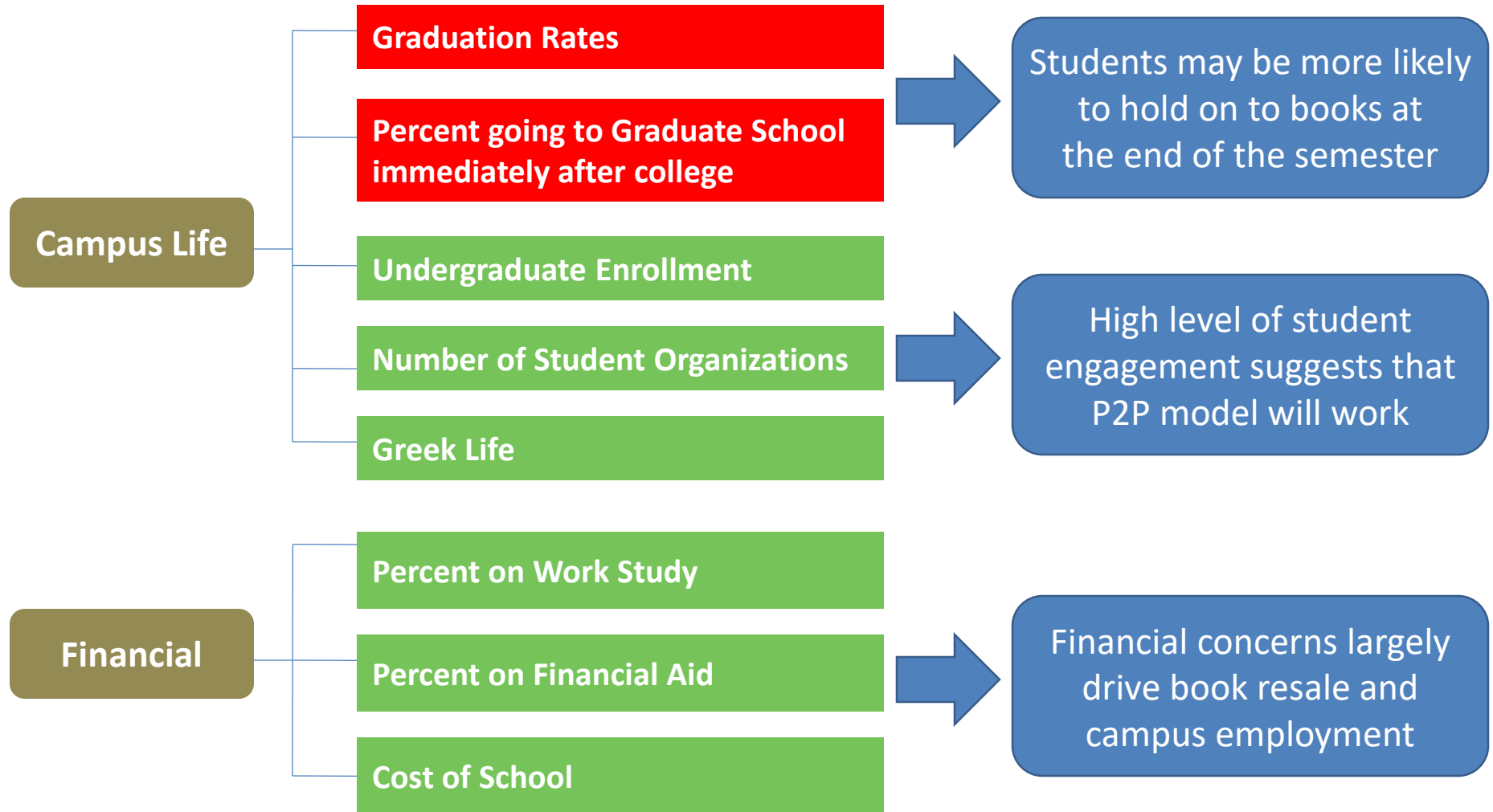
Campus Life

- **Graduation Rates**
- **Percent going to Graduate School immediately after college**

→ Students may be more likely to hold on to books at the end of the semester

- **Undergraduate Enrollment**
- **Number of Student Organizations**
- **Greek Life**

→ High level of student engagement suggests that P2P model will work

Financial

- **Percent on Work Study**
- **Percent on Financial Aid**
- **Cost of School**

→ Financial concerns largely drive book resale and campus employment
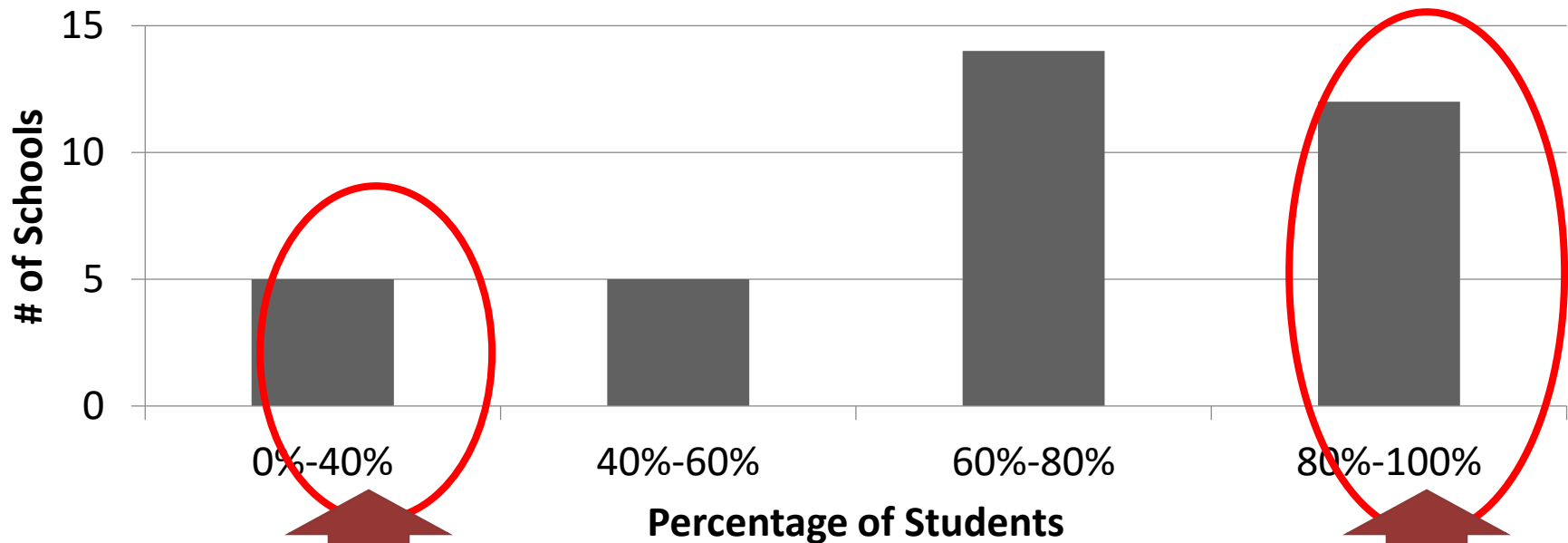
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