

TNNA Needlearts Business Innovation Award 2011 Application

Section I: Contact Information

Person Completing Application: Mark Miller, President, M&R Technologies

Business Owner: Mark Miller, President, M&R Technologies

Name of Business: M&R Technologies, Inc, dba ICG Crafts

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Section II: Business Innovation Overview

Business Innovation Name: Print on Demand Craft Leaflet Distribution

Date Implemented: October 2010

Team Responsible: Mark Miller, M&R Technologies
Troy Riegle, M&R Technologies
Alma Lynne, Alma Lynne Originals
Jackie Erickson-Schweitzer, HeartStrings FiberArts
Tereena Clarke, Artocy Cross Stitch
Stoyanka Ivanova, Solaria Gallery
Daniel Yuhas, KnitsyBitsy
Patty Hurwitz, Moonflower Designs
Lissa Mitchell, Plastic Canvas Creations
Tam Brönnimann, Tam's Creations
Marcia Manning, Cross Stitch Wonders
Elizabeth Ann White, BellaCrochet
Lorrie Ramsay, Pine Glenn Designs
Deena Hosmer, DJ's Dreams

Section III: Business Innovation Description

What is ICG Crafts?

ICG Crafts allows craft leaflet designers to free themselves from the tasks of production, fulfillment, and shipping of their products and lets them focus on what they do best: designing. Designers can upload PDF versions of their designs to the www.icgcrafts.com web site and set their own descriptions, marketing images, and pricing. Craft shops can then purchase the designs, and they are printed on an as-ordered basis and shipped to the shops within one business day of the order.

Who is ICG Crafts?

ICG Crafts was created by M&R Technologies, a company with a long history in the cross stitch business beginning with the creation of the PCStitch pattern design software, but it is really more of a partnership with M&R and an increasing group of independent craft designers. M&R provides the technology behind the web site and printing, and the designers supply the content.

What advantages does ICG offer over other distribution methods?

ICG offers competitive advantages to both the designers and the shops over other traditional methods.

Designer Advantages Include:

- **Reduced Costs** – Because ICG only prints leaflets when they are needed, designers don't need to print large runs and carry inventory. There are also no shipping costs from the designer to a distributor.
- **Complete Control** – Designers choose when products become available and for how long. They also determine the pricing and can change it at any time.
- **Quicker Time to Market** – There is no need to wait for the selling cycle of mass producing the leaflet, getting it picked up by a distributor, and filling initial inventory requests.
- **No More "Out of Print" Leaflets** – Just because it isn't economical for a large print run doesn't mean there is no life left in a leaflet. With the print-on-demand model, great leaflets can be available indefinitely.

Shop Advantages Include:

- **Quicker Access to New Designs** – Shops can order new designs within minutes of the leaflet being finished and uploaded to the web site.
- **No Back orders or Out of Stocks** – Because leaflets are printed on demand, there is never a reason to not be able to ship any leaflet within a single business day.
- **Great Shopping Experience** – The www.icgcrafts.com web site provides an excellent browsing and purchasing interface for finding new and popular designs as well as designs that have been available for a long time.

For more complete information about ICG works from a designer standpoint, see the 4 page designer brochure at the end of this document.

Section IV: Business Impact

ICG Crafts is still officially in a start up phase where we are building our available designs and our list of shops to purchase those designs. The site is “open for business” and is growing. We currently have the following designers who have signed up for accounts and have been actively uploading designs for sale to the craft shops:

Craft Type	Name	Design Count
Cross Stitch	Artecy Cross Stitch	214
Cross Stitch	Alma Lynne Originals	91
Cross Stitch	The Stitcherhood	74
Cross Stitch	Pinoystitch.org	66
Cross Stitch	Pine Glen Designs	53
Cross Stitch	Tam's Creations	47
Cross Stitch	DJ's Dreams	30
Cross Stitch	Marcia Manning	29
Cross Stitch	Country Garden Stitchery	23
Cross Stitch	Moonflower Designs	8
Cross Stitch	Solaria Gallery	8
Cross Stitch	Carousel Charts	4
Knitting	Knitting Software Inc.	10
Knitting	HeartStrings FiberArts	59
Knitting	KnitsyBitsy/MoltingYeti Super Fun Knits	7
Crochet	BellaCrochet	6
Plastic Canvas	Plastic Canvas Creations; Lissa Mitchell	30

We have signed up over 60 craft shops with retail accounts to purchase the designs and have sold approximately \$11,000 worth of leaflets since opening in October of 2010.

Section V: Use of State of Specialty NeedleArts 2010 Information

There are several factors in the TNNA study that support the creation of the OCG Crafts web site and business unit. The most important being the data concerning the market sizes for the various types of needle arts. M&R Technologies has always been predominantly a cross stitch company. We have realized that in order to grow our company, we need to look at other markets. We have specifically targeted knitting and crochet as areas where we can move into. At \$629M, the Knitting spending is over 4.5 times the size of the cross stitch market.¹ We have also historically sold most of our products retail directly to the consumers, but with 47% of knitting spending and 45% of cross stitch spending taking place in independent needlearts shops², we have identified the wholesale market as another area of expansion for M&R Technologies.

ICG crafts also addresses the biggest concern of the consumers for needlearts projects: fresh and new patterns. Every sub group of the needlearts consumers listed “fresh and new” patterns as the number one item on their wish lists.³ ICG makes it possible for the independent designers to bring new product to market quickly and efficiently. There is no need to wait for product to be picked up by other distributors, or be printed and inventoried by them. A new design can be put up for sale as soon as it is ready. Designers can spend their time creating more fresh, new designs instead of dealing with the other hassles of the design business. They can also do it more profitably, increasing their incentive to continue producing designs.

ICG also addresses concerns for the retailers of needlearts designs. All of the specialty needlearts shops listed “don’t sell patterns or charts to consumers” as their number one suggestion for suppliers.⁴ ICG Crafts is a wholesale only web site. Anyone wishing to purchase designs must request an account and be approved before making a purchase. Keeping products in stock was also a high priority suggestion from retailers, and ICG’s print on demand technology assures that out of stock issues will never occur.

Finally, it follows logically that if consumers want more fresh and new products, the retailers will want them as well. This is also showed by the fact that 30% of knitting retailers and 46% of cross stitch retailers want more fresh and new leaflets for their shops.⁵ By helping designers continually add new products, ICG is helping the retailers at the same time.

¹ Executive Summary, Page 2.

² Executive Summary, Page 3.

³ Specialty Needlearts Consumers, Page 47.

⁴ Specialty Needlearts Retailers, Page 71.

⁵ Specialty Needlearts Retailers, Page 80.

You're a Designer ...

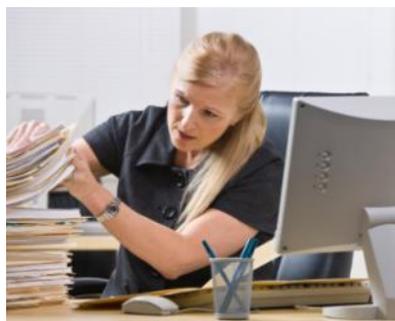
Wouldn't You Like More Time to Design?



Have More Time to Do What You Do Best by
Choosing **ICG Crafts** to Take Care of the



On-Demand Printing



Fulfillment



Shipping



Independent
Creative Group

Visit us today at
www.icgcrafts.com!

How Can ICG Help Me?

ICG helps you, the Craft Leaflet Designer, make your designs more widely available and easily accessible to independent craft shops across the country and around the world!

By putting your leaflet designs on the ICGCrafts.com website you not only get more product exposure but also more time to design because ICG will take care of all the administrative responsibilities that come with selling your product.

ICG specializes in the on-demand printing and distribution of craft design leaflets to independent craft stores. By working with ICG you can eliminate all your responsibilities for the printing, fulfillment, and administrative activities required to get your designs on the shelves of the craft shops. Plus, since leaflets are only printed in the quantities requested, inventory responsibilities become a thing of the past!



Why Should I Do Business with ICG?

Because ICG will. . .

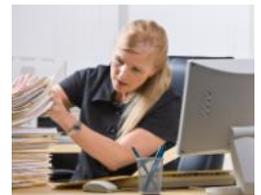
Increase Your Profit

- Your designs will be available to independent craft shops across the country and around the world – to many shops you may not have been able to reach on your own!
- Your designs will continue to sell for you virtually maintenance free! Your designs will remain available for sale for as long as you choose and never need go out of print again!
- Your leaflets will only be printed once they are purchased – eliminating the financial and time costs associated with storing inventory and shipping it multiple times.



Save You Time and Reduce Your Stress

The production, fulfillment and administrative aspects of designing take time and resources. How many copies do I have in stock? What orders need shipped today? Did anyone return the call to the printer? ICG will take care of all these responsibilities for you so that you can concentrate on what you do best – creating beautiful content that your customers love – and thus increasing your future sales potential also!



Enable You to Present Your Designs to Craft Shops Worldwide *Instantly*

When you upload your design to ICGCrafts.com it's *instantly* available for purchase by independent craft shops around the world! When your design is purchased, ICG will utilize our print-on-demand capabilities to print the exact quantity desired and ship it within 1 business day – your newest design could be on shop store shelves within just days of its completion! Just compare that to the traditional go-to-market process!



Put You in Control of When and How Your Designs are Brought to Market

When you post a design you control everything the shop owners see – the description, the images, and the wholesale price – enabling you to continue your branding efforts via ICG. One of the biggest advantages is that a design never has to go out of print. Traditionally, it's difficult to continue to print and warehouse older designs but with ICG there are no inventory costs or pre-sale printing costs so your designs can continue to sell for you even after you retire!



What Services Will ICG Provide?

Awareness – any *and every* design you wish to publish on the ICG website will be available for purchase by craft stores for as long as you choose.

ICG only sells to wholesale customers who are required to provide proof that they are an established business prior to registering with ICG. ICG does *not* sell directly to consumers.



Order Acceptance & Processing – independent craft stores around the world have the ability to place an order 24x7 via the ICG website, or can call or mail an ICG customer service agent to place orders during normal business hours.

Printing – your designs will be printed in the exact quantity purchased by the store on our professional quality color printing equipment.

ICG can also print copies of your leaflets for your own use. The leaflets can then be shipped directly to you or even to another distributor.

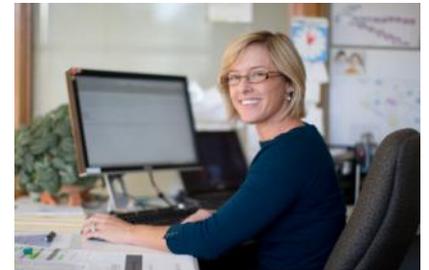


Shipping – product will be shipped within one business day via USPS or UPS – domestically or internationally.

Billing – ICG will take responsibility for all billing and collections activities and will pay you monthly for the leaflets you sold (see below).

What Do I Have To Do?

Just upload your designs, along with the product images, description, and pricing you want the shop owners to see, to the ICGCrafts.com website and we'll take care of the rest. Upon joining ICG, you will be given an account from which you can manage all your designs – adding new designs, updating designs, pricing, product descriptions, etc. or removing designs you no longer wish to sell.



How Do I Get Paid?

At the beginning of each month, you will receive a payment from ICG based on your previous month's sales along with a detailed monthly report showing which designs sold and in what quantities, the associated printing costs, and your final profit.

You will receive 80% of the wholesale price (the price you assign to your design) of all the leaflets you sold minus the printing cost of each leaflet (see chart below). For example, if you assign a wholesale price of \$5.00 to a design and it is a 4 page color leaflet with a printing cost of \$0.78, then you will be paid \$3.22 for each copy sold during the month: $(\$5.00 * .80) - \$0.78 = \$3.22$.

If at the beginning of the month you are due less than \$25, the amount will be left in your account to accrue until the month it reaches a minimum of \$25 when it will be paid to you. At the end of the year, you will receive payment for whatever you are owed at that time to close out the books for the calendar year – even if it is less than \$25.

Designers have the choice of being paid by check or having the money deposited into their PayPal account. Any fees charged by PayPal will be deducted from the payment total.

What Are My Costs?

Printing cost depends on the format of your leaflet and the number of pages. Options available are:

Leaflet Style	Printing Cost
1 Page Color	\$0.30
2 Page Color (Front and Back)	\$0.50
4 Page Color (8.5 x 11 inch pages) 11" x 17" printed front to back and folded	\$0.78
4 Page Color (5.5 x 8.5 inch pages) 8 1/2" x 11" printed front to back and folded	\$0.70
Print & Bag Chart Pack Color Front, Secondary Pages Black (Single-Sided Printing)	\$0.60 + \$0.10 per secondary page
Print & Bag Chart Pack Color Front, Secondary Pages Color (Single-Sided Printing)	\$0.60 + \$0.26 per secondary page
Print & Bag Chart Pack Color Front, Secondary Pages Black (Double-Sided Printing)	\$0.60 + \$0.14 per secondary page
Print & Bag Chart Pack Color Front, Secondary Pages Color (Double-Sided Printing)	\$0.60 + \$0.46 per secondary page

*Prices Subject to Change

Everything is printed on 80 lb gloss cover stock except the secondary pages of a Print & Bag Chart Pack. A Print & Bag Chart Pack includes a color front page printed on 80 lb gloss cover stock and any number of subsequent pages printed on 24 lb white paper. Final product is inserted into a 9" x 12" clear plastic zip bag.

If you'd like, ICG will print your designs on-demand for your use or for delivery to your other sales channels. For this service you will be invoiced just for the printing cost, actual shipping, and a handling fee of \$10.00. Please email us at info@icgcrafts.com or call ICG at (800) 800-8517 for more information.



How Do I Sign Up?

It's easy! Just click on the Learn More link in the Designer section of www.ICGCrafts.com and then click the **Sign Me Up!** button to get the process started!



If you have questions, please email us at info@icgcrafts.com or call us at (800) 800-8517 or (937) 294-1983.