

aspects of client needs. Franklin Covey Leadership Week, which management believes is one of the premier leadership programs in the United States, consists of a five-day session focused on materials from Franklin Covey's *The 7 Habits of Highly Effective People* and *The 4 Roles of Leadership* courses. Franklin Covey Leadership Week is reserved for executive level management. As a part of the week's agenda, executive participants design strategies for long-term implementation of the Company's principles and content within their organizations. The courses offered in the leadership area generate over 25 percent of the training revenue for the Company.

In addition to providing consultants and presenters, Franklin Covey also trains and certifies client facilitators to teach selected Company workshops within the client's organization. Franklin Covey believes client-facilitated training is important to its fundamental strategy to create recurring client revenue streams. After having been certified, clients can purchase manuals, profiles, planners and other products to conduct training workshops within their organization, generally without the Company repeating the sales process. This creates an annuity-type business, providing recurring revenue, especially when combined with the fact that curriculum content in one course leads the client to additional participation in other Company courses. Since 1988, Franklin Covey has trained more than 19,000 client facilitators. Client facilitators are certified only after graduating from one of Franklin Covey's certification workshops and completing post-course certification requirements.

Franklin Covey regularly sponsors public seminars in cities throughout the United States and in several foreign countries. The frequency of seminars in each city or country depends on the concentration of Franklin Covey clients, the level of promotion and resulting demand, and generally ranges from semi-monthly to quarterly. Smaller institutional clients often utilize the public seminars to train their employees.

In fiscal 1996, Franklin Covey introduced the Franklin Covey Leadership Library series of video workshops. The Franklin Covey Leadership Library is a series of stand-alone video workshops that can be used in informal settings as discussion starters, in staff meetings or as part of an in-house leadership development program.

The Company also recently introduced a new series of products that are part of its *Productivity in the Digital Age* initiative. This initiative includes both tools and training designed to measurably increase individual and organizational effectiveness. These products include learning modules designed to deliver Franklin Covey effectiveness principles to individuals and organizations,

including interactive computer-based or on-line training, live training as well as audio and printed materials. *Productivity in the Digital Age* effectiveness tools include PDA's, desktop applications, on-line tools and software all designed to synchronize information across platforms and systems.

**Personal Coaching.** Franklin Covey offers post-seminar training in the form of personal coaching through a recently formed entity called Franklin Covey Coaching, LLC. The entity employs 41 coaches that interact with clients on the telephone to help them implement the training from the seminar they have taken. The entity offers personal coaching for some the Company's curriculum as well as seminars offered by other training companies.

Sales of training and education services for the year ended August 31, 2000 were \$214.6 million and accounted for 37 percent of Franklin Covey's total sales during the period.

## SALES AND MARKETING

The following table sets forth, for the periods indicated, the Company's revenue and percentage of total revenue for each of its principal distribution channels:

	Year Ended August 31, (dollars in thousands)					
	2000		1999		1998	
Domestic						
Consumer						
Products	\$302,944	51.8%	\$264,333	47.6%	\$258,973	47.4%
Domestic						
Training						
and						
Education	214,646	36.7	210,621	38.0	207,015	37.9
International	49,995	8.5	50,535	9.1	45,068	8.2
All Other	17,654	3.0	29,434	5.3	35,556	6.5
Total						
Sales	\$585,199	100.0%	\$554,923	100.0%	\$546,612	100.0%

**Domestic Consumer Products Sales.** Franklin Covey uses catalogs, retail stores, its own Web site and other distribution channels to market its products to organizations and individuals.

**Catalog.** Franklin Covey periodically mails catalogs to its clients, including a reference catalog, holiday catalog, catalogs timed to coincide with planner renewals and catalogs related to special events, such as store openings or new product offerings. Catalogs may be targeted to specific geographic areas or user groups as appropriate.