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You're Only An Idea Away From Success...

**How This 23-Year-Old New Mom Turned
A Pair of Gloves Into A Multi-Million-Dollar
Licensing Business**

 Michael Senoff's
HardToFind Seminars.com

Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

I've learned a lot in the last five years, and today I'm going to show you the skills that you need to survive.

It is my mission, to assist those that are very busy with their careers

And to really make my site different from every other audio content site on the web, I have decided to give you access to this information in a downloadable format.

Now, let's get going.

Michael Senoff

Michael Senoff

Founder & CEO: www.hardtofindseminars.com

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You're Only An Idea Away From Success...

How This 23-Year-Old New Mom Turned A Pair of Gloves Into A Multi-Million-Dollar Licensing Business

Once Simple Licensing Idea Into 2.6 Million Dollar Biz

When Teresa Denham was invited to a Virginia Tech football game in 2005, she didn't want to spend money on anything expensive to cheer the team on. This was her first (and probably last) football game, so there was no sense in wasting money.

She grabbed cheap maroon and orange yarn from Wal-Mart and quickly made them into little pom-poms and stitched them to the fingers of a pair of white gloves that she borrowed from a friend.

When she showed them to the fans at the game, she got so many compliments, she knew she was onto something big!

Still, it wasn't until she was 23, and on maternity leave after having her first child, that she made the decision to give up her \$35,000-a-year job and give her idea a go. She now owns a multimillion-dollar (and growing) company.

This audio is the step-by-step story of how she took that simple idea and created what is now known as Spirit Fingerz. And you'll get the inside look at everything – from how she obtained a patent to how she negotiated her licensing and contract deals, and all the lessons she learned along the way.

You'll Also Hear . . .

- * The only steps you need to worry about in the patent process – how much you can expect to pay, exactly what "patent pending" means, and how long it usually takes to obtain the actual patent
- * The scary side of finding cheap manufacturers from China
- * A quick story about why it's so important to be prepared for success—even on your first sales appointment
- * The crazy way Teresa found out that Oriental Trading Company was infringing on her patent – and the simple move she made that stopped the wholesale giant dead in its tracks

- * Why licensing is one of the smartest business decisions you can make with a product – and an insider’s look at how it’s all done
- * All the details about Teresa’s contract with a major college apparel company – how she negotiated for an even bigger deal (that gave her more rights and more money), and what happened when that business was bought out – twice
- * The simple little plan Teresa has for taking her business to new heights in the near future
- * Exactly what it’s like to get wined and dined by the CEO of a major corporation – yes, it really happens to the little fish too

If you’re like most people, you’ve probably had a great idea or two that you wish you would have taken to market because, later on, someone else did.

The hardest part is finding the courage to listen to your inner voice and follow that dream. And in this audio, you’ll hear how exciting (and profitable) the journey can be.

Check out the product line at <http://spiritfingerz.com>

Hi, I’m Michael Senoff, Founder and CEO of HardToFindSeminars.com. For the last five years, I’ve interviewed the world’s best business and marketing minds. Along the way, I’ve created a successful publishing business all from home from my two car garage. Now, my challenge is to build the world’s largest free resource for online, downloadable mp3 audio business interviews. I knew I needed a site that contained strategies, solutions and inside angles to help you live better, to save and make more money, to stay healthier and to get more out of life. I’ve learned a lot in the last five years, and today I’m going to show you the skills you need to survive.

Teresa: First off, I never wanted to invent anything. I’ve always been an entrepreneur. I actually reconnected with my fourth grade teacher. I remember this, and I remember going home and telling my mom all about it, but in the fourth grade I was her teacher assistant. I had to go to the copy machine and make copies. You had to lay them out – say the packet was eight pages long. You had to make 26 copies of the eight pages, lay them out in individual piles and then staple them. I remember thinking an inventing in my head and even conversing with my teacher, “I think we should make a copy machine that you can just put the whole packet in there. It copies all of them, and it staples them for you.

Little did I know, it wasn’t until I got to my first big girl job in the early 2000s that I had seen this copy machine actually being made. You could just throw in a packet. It would double-side it. It would staple it. It would do all these things. I was like, “Mom, we

could have been millionaires a long time ago, if you would have listened to me about this copy machine.”

Michael: Absolutely, everyone has those moments where they say, “I wish they had this,” or “I wish someone would invent this.” Then, later on, they see their invention or their idea already done and they say, “I could have been the one who had done that.” There’s not a person I think alive here in America who hasn’t had that similar experience.

Teresa: My point behind it was I think you’re born with it or not because I have people who work for me who come. They’re told what to do, and they do it, and they execute it beautifully and then they go home. I have a girl who works in my office that I’ve known since we were in seventh grade, and she was that as a direct person who did all of her homework, did all of her classwork, did all of her projects. I, on the other hand, barely did homework, hated to do projects. I was constantly doodling when I was supposed to be writing notes.

As an adult, I’d go back and look at those academia people who are now teachers or working in offices as secretaries or paper people, and then I would see all these f-ups, and we’re all the business owners, restaurants and corporations and construction companies.

Michael: Do you have children?

Teresa: I do. My first was born in 2007 which is Spirit Fingers. My second child was born in 2008, eleven days after I received my first 5000 pair of Spirit Ears from China, and my third child was born in 2009. They’re thirteen months apart. I launched Spirit Fingers and two babies all in about twenty-four months of each other.

Michael: Boy, that’s a lot going on. So, tell me your name and where you’re located, and when the idea of Spirit Fingers popped into your head and how that occurred.

Teresa: My name is Teresa Denim. I live in Virginia Beach, and our corporate office is in Virginia Beach, Virginia. The idea of the invention which according to the patent is pompoms attached to the fingertips of each finger, also known as Spirit Fingers. I think around 2005, I was going to a game. I personally had never been to college and never been to a professional game or a college football game. So, I thought to myself, “I’m never going to go back to a Virginia Tech football game. So, I don’t want to spend my money on the sweatshirt or the T-shirt or a licensed product. So, I’ll just make something. I’ll wear the colors, but I’ll make something Virginia Techy.”

So, these little pompoms that are attached to what we now know as Spirit Fingers. I went to Wal-Mart, got maroon and orange – which are Virginia Tech’s colors, made these little pompoms.

Michael: Did you know that you were going to put them onto the fingers of the gloves?

Teresa: I did because at Wal-Mart were like purple, black, teal, all these crazy colors. They didn't have white, orange and maroon, which I was looking for. So, I called my friend I was going to the game with, and I said, "Do you have a pair of white gloves?" She said, "Yeah, sure." When I got to her house, I attached the pompoms to the glove.

First of all, I'm not a knitter or a crafter like that. So, I didn't even really know how to attach them. I googled "How to attach yarn to material." Long story short, it took one little thread with a knitting needle and boom, I had my gloves.

I go to the game. It's kind of cold. It's November. It's a night game, so as the sun is going down, I break out my gloves and everyone loved them. They were saying, "Oh my gosh, what is that?" Of course, I had some drinks at that point, and so I'm like, "They're Spirit Fingers!" and kind of did the little Spirit Fingers move, and then it was kind of born, and I remember on the ride home the next day, the kinds of reception I got at the game, I thought because I am an entrepreneur I've had several businesses that failed pre-this game, not failed but they just didn't do what I wanted them to do, I thought, "I think I might be able to patent this."

So, I remember having a conversation with my friends, and they said, "Oh, no, you can't patent that. I'm sure that exists already." I go home. Mind you, I have lost one of the pair. So, we have this conversation. They say, "No, it's probably not patentable." So, I have this—

Michael: Who are you talking to about the patent again?

Teresa: My friends, Jen and Suzie. I remember thinking the whole way home about this idea of this business because again in my mind, I'm still an entrepreneur and thinking all these big dreams. I get home back to reality. This one gloves continues to populate in my life for a good year.

Michael: What do you mean populate?

Teresa: I would find it under the bed, and then a couple of weeks later, I'd find it in the closet. A couple of weeks later, I'd find it in the dish drainer. It just kept showing up, and I couldn't ever get rid of it. I just wouldn't throw it away. God was saying, "This is what you're going to do. Just listen to me, and you will get there."

I finally said to my husband, "I think I've got something here. I've googled search pompoms attached to a glove, spirit fingers, all of these terms. I can't find anything, not even how to make these little pompoms on line." There weren't all these websites showing you how to do things. I said, "I'm going to speak to a patent attorney and find out what the practice is."

I started that in August of 2007, and by December, I had the first step in the patenting process is your patent search. Now, with a patent search, you pay a minimum amount. The lawyer puts together all of the concepts of your “invention” and then sends it out and based on the concept, you get all of these other patents that could either discourage you from applying for a patent or there’s a term in the patenting process that is similar to a prior invention.

Michael: You had to confirm that your idea was absolutely unique and novel and that no one had the idea before you or it could have been unpatentable.

Teresa: Right, like the people who invented the hula hoop. They basically invented a circle, but because you’re using it as a toy it’s now a new type of circle.

Michael: So, when the patent search references came back, was there anything that could have?

Teresa: There was pompoms. There was a cat toy that used balls at the end of a glove. There was a dusting mitt that didn’t have pompoms but they had attachments on the glove used for dusting.

Michael: So, based on that, what did your patent attorney recommend you do? Go ahead and file?

Teresa: They don’t recommend either way. They say, “This is what we provide you from a legal standpoint. We can’t decide for you whether or not you should go through with it. They would not make a recommendation either way.

Michael: So, you had to decide to either go for it or not, and you went for it.

Teresa: I had to come up with \$5000 for the retainer, process the patent, file for the patent, and just became patent pending at that point.

Michael: At that point, did you move forward on the patent pending or did you want to wait until you had the patent?

Teresa: I filed December of 2007, and I continued with my process of finding a manufacturer who could produce it, find retailers who would buy it because again even if you have a great invention, if no one wants to buy, then your invention is only as good as an idea.

So, I started finding manufacturers overseas, getting quotes, getting pricing. With my particular product, it was a knit. I had to get into the licensing aspect, finding out the minimum from China is going to be 10,000 pairs. So, I thought, “Well, who’s going to be my best customer? Who can I sell 10,000 pair to?” I thought, “Well, Virginia Tech naturally.” That was where I invented the product and they had a ton of fans. I’m in

Virginia. There's a ton of Virginia Tech licensed product in all the retailers locally, so that was where I would start.

My first appointment was with a Virginia Tech bookstore. I walked in with a homemade pair of Spirit Fingers gloves in a ziplock baggie. I simply wanted to know, "Is this something you would buy? If I could make this product, package it, and make it look like a real product, would you buy it?" She bought 288 pair right then. I didn't even have a pen or paper, and I asked the buyer for the bookstore, "Can I borrow a pen and a piece of paper?" She said, "Sure." So, I wrote down, "288 pair," and I remember asking her, "Well, would you like the little VT logo on it?" She said, "Yeah. Well, you're going to have to go down to licensing to get that though. His name is Brock White. He's in Building 212. Take a right when you leave the parking lot, and it's the first building on the left."

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Michael: Did you know what licensing was at that time?

Teresa: No. I leave there, and I naturally go to the building she was talking about. I ask for Brock White. I sit down, and I said, "Here's my idea, and the bookstore just bought 288 pair of them." He's sitting at his desk and he's looking at it, flipping it over, put it on and he said, "Teresa, I've been doing licensing for Virginia Tech for nineteen years, and I have never seen a product that would sell without licensing before. I don't think you need licensing, but if you want it, I will give you the licensing. I need you to submit the application fee. It's fifty dollars, but absolutely you can have Virginia Tech licensing."

Michael: Explain what a smart move that was to take the licensing compared to not taking the licensing.

Teresa: As any good brand, people like their branded products. So, whether it be an Under Armor shirt, or Tom's shoes or Reef Flip flops, you want Virginia Tech, whatever college you went to or whatever NFL team you went to. You really want that logo on your apparel. Hindsight, 20/20, should I have done it without the logo? Absolutely not, I wouldn't have changed any of that.

The licensing created a whole new process of this invention. Now, in order to receive licensing, you not only have to pay the application fee, but you have to obtained insurance, liability protection in the amount of one million dollars.

Michael: What were you going to have to pay to the school?

Teresa: I have to pay the fifty dollar application fee, and what they call advanced royalties. Their royalty rate, Virginia Tech is eight percent. So, as an advanced, I had to

pay fifty dollars. That basically said, in order to make that your fifty dollars as advanced royalties, you have to sell about \$450 worth of products.

Michael: What did they require from you?

Teresa: You have to submit a quarterly report to them. You just submit how many you sold per quarter.

Michael: Did you sign a contract?

Teresa: No, the application is good for one year.

Michael: Did you have some kind of exclusivity?

Teresa: I don't think anyone really knew what to do with this, and sometimes even today five years later with all of the licensing agreements we have, some people call it apparel because it's a glove. Some people call it accessory because it's the novelty of the glove. Some people call it a novelty item, and these are all three separate categories when you get into the big licensing corporations like the NFL and NHL.

Michael: I know you have some exclusivity with your patent currently, but let's say you didn't have the patent. Anyone could knock you off, go get licensing for the same product and compete if they wanted to.

Teresa: That patent pending status, it doesn't prevent anyone else from going to market with the same product, but the moment that you're awarded a patent as the proprietary owner, you can then go after that other company.

Michael: So, how did you hear the news that you were awarded a patent, from your attorney?

Teresa: It was of course through the attorney, and obviously it was followed up in the mail. It's really a funny story. You know how major milestones happen when you're launching an invention and a company kind of simultaneous. It's not like I was a company going through all the growth and fulfillment as having a company, but I was also creating a whole new premise that had never existed on the market. For me, there's so many major milestones that happened. Some of the details from the invention have gotten lost in the actual business.

Michael: During those two years, were you full on doing the marketing and growing the business, and were you kind of sitting back until you knew you had the patent?

Teresa: I filed for the patent in 2007 in December. I incorporated Spirit Fingers, Inc. in May of 2008, and made my first public sale at the Virginia Tech bookstore in September of 2008. By the end of 2008 in December, I was entering into my first licensing contract with a company who was licensing my trademark and at that point,

my patent pending status. It wasn't even a patented product and they were asking to take on my patent, the pompoms attached to the glove and the trademark Spirit Fingers.

Michael: What kind of company was this?

Teresa: They were a mitt based companies. They had a division at a large majority of the colleges for beanies, scarves, ball caps. They were a company out of California by the name of Mertz West.

Michael: Did you approach them or did they approach you?

Teresa: After September and October of 2008, I had at that point brought on fifty retailers.

Michael: Was everything being made out of China or were you making them in the US?

Teresa: It was being made out of China, and actually the only thing I had was 5,000 pair. I had 2500 maroon gloves with orange and maroon pompoms, and 2500 orange gloves with orange and maroon pompoms and both of them had the VT logo on them. So, I would simple call a local retailer like a Hallmark or a gift store or something like that, and say, "Hi, my name is Teresa. Funny as it sounds, I've invented this product. It's called Spirit Fingers. They're six dollars. My minimum is twelve pair. Would you like me to come by and show them to you and or would you like to buy some?" I would say about ninety percent of the hundred people I called said yes.

Michael: What were you able to get them manufactured for?

Teresa: Back then, I believe they were two dollars and forty cents.

Michael: Was it one size or did you do multiple sizes?

Teresa: Yes, it's one size fits most at that point, and I had to go buy and buy this magic gloves. It naturally fits small handed people and then it can stretch to fit larger hands, and I was making it like a female fanwear, and it still is currently one size fits most although we do have our prototype and a tentative launch date for every size.

Michael: Was your husband supportive during all this?

Teresa: A hundred percent. I mean I came to him and said, "Here's my idea." He's like, "Go for it." I said, "I need \$10,000 to pay for my product over in China." "Go for it." I took my money that was paying for my product down to Wal-mart and got a moneygram, cash. I sent all my money over to China. Again, I never met these people. I had a very limited relationship with them. It never occurred to me that I could send this money over there and I could never get the product back, and now that I'm in the big business, it didn't even occur to me that that would happen. After that, I said, "This

product is coming in. I'm now on maternity leave from my full-time job where I earned \$35,000 a year."

Michael: Doing what?

Teresa: I was a career counselor for the Department of Labor, and at that point, I was 23 years old. It was a pretty good job. I didn't have a college education. I had a full-time job, \$35,000 a year, and out on maternity leave, I just had the baby. At that point I said to him, "I don't think I'm going to go back. I want to pursue Spirit Fingers full-time. If I don't do it, I'm never going to do it." Again, he supported me. He said, "Teresa, I don't think we can afford this. We just had the new baby." He was in the military. He was like, "This is how much I make a month. We would be losing the \$35,000. If you can make the numbers work, I'm all for it." Again, supported me in quitting the job and pursuing it full-time.

Then, of course, there is multiple steps of support since then, but he has never once said, "That's a crazy idea."

Michael: It's the traditional story you hear. It's almost like an all or nothing. Did you have to borrow money?

Teresa: Absolutely.

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Michael: Tell me about that.

Teresa: Even to pay for the patents search, I borrowed a thousand dollars from my brother, and then that first \$10,000 loan came from my mom, which she instilled some real values. They're hard because now that I'm a mother, you say, "Okay, honey here's \$10,000. Pay me when you start earning some money." Oh, no, not my mother. She gave it to me in May, and my first payment was due in June. So, I was literally paying back the loan with the loan money.

Michael: Did you give an offer any?

Teresa: She owns five percent of the company, and she'll tell you that's the investment for her retirement. If I can get back to the licensing agreement that happened at the end of 2008, I launched – there's a new textbook store in September of '08, and I had all of their products for Virginia Tech, and I thought, "If people are receiving it so well at these retailers, what's the second biggest college that I can think of that's pretty local that would buy, within driving distance if I had to drive this product around." It was Ohio State.

So, I sent in an application for Ohio State University licensing. In that meeting somewhere, there was a sales rep who would send my idea to this company Merge Left out of California. I ended up doing my first patent marketing license agreement with this man John Safferstein who is the president and founder of Merge Left. He called me in December and said, “Hey, this is John. I want to add your product to my line-up. I’ll give you eight percent royalties. I’ll add it to my catalogue, and I’ll buy all the product and I’ll pay for all the licensing. You just sit back and collect royalties.”

I went to my husband again, and I thought, “This couldn’t hurt. He’s willing to take on the product and submit royalties at eight percent. What if he does a million dollars? I can make \$80,000 for not doing anything.”

Michael: Did you want an exclusive?

Teresa: Yes, it was an exclusive sales and distribution agreement.

Michael: What happened?

Teresa: I didn’t even ask a lot of questions. I called around December 14th, and by December 28th, we were in the contract, and it was short. It was three pages long, and there wasn’t a lot of verbiage. I think he probably typed it up on a Microsoft letterhead and sent it to me. I probably should have had an attorney look at it, but I didn’t. I just again went out unsafe there and made a decision. It obviously turned out to be the best decision, and we began business January of 2009.

Unbeknownst to me at that point, he had a rep group who represented him, but it was only in the college bookstore market, and that was where his focus was in his business. I personally had about three sales reps who I had hired from September 2008 through December of 2008. We did about \$60,000 worth of Spirit Finger sales from September to December, and then after coming on board with Merge Left and finding out that they only had this college bookstore rep group. I said, “Well, would you mind if I maintain the retail sales rep group? I’ll hire my own people. We’ll submit our POs to Merge Left and you just fulfill it to retail location. Give me fifteen percent of the sales and my eight percent royalties,” and he said, “Sure, why not? It can’t hurt.

Michael: You did that because you thought your sales people could do a better job than what he was doing?

Teresa: Well, his sales people only sold to bookstores – so Virginia Tech bookstore, Ohio State Bookstore, Barnes and Noble Bookstores. We would go to Hallmark and small Mom and Pop retailers, anything what I now know as a retail market. It could have been as big as Dick’s Sporting Goods or as small as Jane’s Sportswear in Akron, Ohio.

Michael: It worked out well with this guy.

Teresa: It did. We grew from Virginia Tech only to he brought on twenty blank colors, and he had what they call the domestic capabilities to take blank Spirit Fingers and embroider them here in the US. If we had twenty colors, if it were black and red, that black and red could be used for Alabama and Georgia or a high school could use them as just blank gloves.

Michael: When you say blank gloves, what color are the gloves.

Teresa: The blank would be like a black glove with red and black pompoms. Instead of having to inventory a hundred colleges, he would inventory twenty blank colors and slap the logos on them here in the US based on the orders that he received. So, instead of it being a fast food, it would almost be like a fine dining where you place your order and a chef cooks it, and then sends it out to your table as opposed to fast food, you walk up to the counter.

Michael: Were all the gloves coming from your contact that you originally started with in China?

Teresa: No, it actually came from their contact in Vietnam because they had a huge difference with all their other products. It was better colors. They knew the business – they meaning Merge Left, and I'll tell you they taught me more than any college could have ever taught me. They really helped me.

Michael: What are the three biggest things they taught you?

Teresa: They taught me the licensing business. They taught me the knit business, and they taught me sales and distribution. They allowed me to come to their trade shows. If I had an idea, they would help facilitate the development of that idea, and then they would tell me when my ideas were, "No we can't do this, and this is why we can't do this." They wouldn't just say, "Oh, we can't do this." They would say, "This is why we can't do it," or "You know what? That sounds like a good idea. Let's do it!"

Michael: So, how many pairs have you sold since you started the business?

Teresa: Since we've started, we've done \$2.6 million.

Michael: In gross sales or in whole sale?

Teresa: Because we sell to retailers, who then retail them.

Michael: How is the business doing now?

Teresa: Amazing. Since January of '09, I faced a lot of challenges and roadblocks if you want to call them because this contract with Merge Left was acquired by another company. So, I had to deal with this new company want my contract, and are they going

to allow me to be a part of this development process and this entrepreneurial process like Merge Left did?

Well, of course they did, and they loved it, and they helped, at that point it was about a provisional \$50,000 product line to a \$950,000 product line, and then that same company got bought out by another company. Now, this bigger company, were they going to honor my contract and my position with Spirit Fingers being on the development side and the entrepreneurial side, and honestly they said to me, "Teresa, it's not the kind of business we want to be in," and this is in October of last year.

They bought my contract from Imperial, and again this Merge Left contract expired. So, it was time for me to renegotiate. I renegotiated a new contract and this time it wasn't just an idea. It was a business. So, I was able to negotiate the contract that said, "Okay, instead of you guys just paying me eight percent of whatever you sell, I'm now going to require that you do at least a one million dollars in sales, and you're going to pay me ten percent because I now have a patent, and I now have the distribution and I now have this success story."

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Michael: What gave you that confidence, and did someone give you that idea to go back and negotiate and ask for more even after they had told you that it may not have been their type of business?

Teresa: That hadn't happened yet. I didn't know anything about the acquisition at that point. I did know that this new company is called Imperial Headwear. Now, Merge Left was an eight million dollar company. Imperial Headwear was a thirty million dollar company, and I was scared of that. I thought, "Well, I'm going to be a small fish in a big pond. Are they going to give my product enough attention that it wants and needs?"

I met several times, they had brought on a new CEO who had a fantastic resume and portfolio of major brands that he had run and major companies he had grown. He said, "Teresa, I like you. I like your product. We'd like to keep a contract going with you." That's when the negotiations started.

Now, no one really suggested these things. I really don't go to my attorneys. My attorney's \$450 an hour. I started doing my own research and reaching out to my network of business owners and asking them, "What should I do? How should I do this? What should I ask for?"

So, at the final contract with Imperial, my new licensee at the patent and trademark, I was getting advanced royalties in the amount of ten percent of at least a million dollars worth of sales. So, that's a hundred thousand dollars. In addition, I would still run the rep group in the retail industry. At this point, I have 85 sales reps working for Spirit Fingers the brand all over the country. At that point, we had been in Dick's Sporting Goods, in Old Navy, in Cracker Barrel, in airport gift stores, college book

stores, in Mom and Pop shops, and in fact, my sales rep made up 85 percent of the total revenue. So, Merge Left college book store sales reps the original group only accounted for about fifteen percent of our total sales.

Going back, had I not said, “Hey, can I keep running the rep group,” it could have been a dead product. The next company may have looked at it and said, “You know what? We’ve only done a hundred thousand dollars worth the sales,” but because I kept those retail sales reps on, we now have a million dollar product line.

Michael: How did they do in Old Navy? How many stores did they put them in?

Teresa: Old Navy, Dick’s Sporting Goods, Cracker Barrel, these major corporations, most of them had at least 93 percent go through. That means you can basically say it was a hundred percent success for them because that seven percent margin becomes returns on defective gloves, damaged goods. Maybe somebody ripped the tags off of them or ripped the packaging off of them.

Everyone including Old Navy bought again. All of their sales came through in 2010. In 2011, all of those retailers had bought again. That would be the second year that they carried the product line.

Michael: Did they go a third year or not really?

Teresa: In 2012 is when the acquisition took place from Imperial to another company Paramount Apparel International. They owned licensing rights to like Duck Dynasty, MLB, NBA. They have a huge portfolio, but they are in the fashion apparel industry, and that basically is T-shirts, belts, ball caps. They are not in the mitt business, but they wanted to buy the licensed product division of Imperial which again was once Merge Left, if you go back as far as I go.

Their president had told me in talks they couldn’t buy just a division of Imperial. They had to buy all of Imperial. So, by buying all of Imperial, they were able to look at all the different contracts that they had and they bought my contract. They said, “We will honor this contract. It’s a million dollar product line. We think it has some legs. We’d be willing to take it on.”

Well after the acquisition, which happened October first, we really got into the nuts and bolts of the business. I was able to learn some things that the naked eye couldn’t really see, and they found out not only did they not want to get into the mitt business, they would honor my contract, but they didn’t know if they would be doing Spirit Fingers as a product any justice or me as an entrepreneur. I went back to my network of companies and colleagues, and I found a new company called Wind Craft who I had a little bit of a relationship with over the past year at that point, and I went to their CEO Don Hinkle and I said, “Look, here’s a million dollar product line. Here’s the guarantees that I require. Here’s the loyalties that I want. Is it something you would be interested in?” He said, “Absolutely.”

So, from about October 15th, we signed my new contract April 15th. So, that's six months, I went through again another contract negotiation to figure out how my new relationship would work. If you look at what I done by licensing all of the patent trademark, all of these have been a huge business learning curve for me, and I've trusted business. I think a lot of entrepreneurs don't trust business. I've had a lot of people encourage me and help me for no other reason except out of the goodness of their heart. So, I always encourage people, have trust and faith that there are good people out there and if you are a good person and you allow it to happen. It will happen, and don't think everyone's a wolf in sheep's clothes.

Yeah, they could be among you. Everyone's in the business of making money. If you were in the business of making money and you're allowing other people to make money off of your product and your invention, in my case, there's so many different ways of doing Spirit Fingers that I don't have to license out my entire business. I can license out in the new contract case to Wind Craft. They are the exclusive manufacturer and distributor of the licensed product.

Michael: Are they the ones for NCAA, NFL, NHL, MLB?

Teresa: Yes, so overnight, I went from Imperial who had 85 licensed colleges to Wind Craft, I picked up 350 licensed colleges, 32 NFL teams and the NBA, NHL, MLB. Their contacts at the stadiums because they've been in business for fifty years, and they have the longest licensing of the NFL. One of the things that I had to look at this time that I hadn't looked at in previous relationships was the foundation and the stability of the company. I was tired of being bought out, constantly, "What am I going to do with this product? Do I do it all myself? Do I find another partner to help facilitate these relationships with retailers and sales teams?"

So, I really looked at Wind Craft and said, "What's the team as people here?" When I went and visited their offices, which by the way, they flew me up there and they picked me up from the airport. They were just first class from the get go. I met people who have been with Wind Craft for fifteen years and twenty years and twenty-five years and the CEO and Owner of Wind Craft and his wife invited me over for wine into their house, and they took me out to dinner, and their CEO. This is like a \$300 million company.

Their CEO and their President and Chairman of the Board were taking me out like I was another ten million dollar company or something, and I wasn't. I was an individual. I had a \$2.5 million dollar product line, but do I have a portfolio of this college and this? No, I don't. They didn't treat me that way. They treated me like a smart and successful business owner. They allowed me to talk to their employees, and talk to their executives and hear what their idea was and what their marketing plan was going to be, and again, I just took a leap of faith and the contract was another short contract, three pages long.

Michael: So, you negotiated ten percent royalty.

Teresa: Yes, I'm doing ten percent.

Michael: Million dollar minimum.

Teresa: Million dollar minimum.

Michael: This sounds like the mother load. Are they going to push this?

Teresa: Yes, this year, we're already doing a target rollout at 1,400 stores. You'll see us in a plethora of stadiums. We're on ShopNHL.com now.

Michael: How are sales going so far?

Teresa: Well, we just enter that special contract. We started doing business in January, but our contract was official April 15th. So, right now, I don't have a great number on sales and the success, but I would say we're very confident in the product. They have 65,000 pair in stock now. They have another 72,000 that they have on order, and they will arrive in the country in September.

They have spent \$100,000 on an embroidery machine that will allow them the domestic capabilities of embroidering. So, again, our number of clients is up to 56 colors now, but 56 colors, if it's a black or red glove, it can now be used for Chicago Bulls, Alabama, Phoenix Cardinals. They can stock 10,000 black and red, and when I mean black and red, black is the color of the glove, red is the contrast in the pompoms. So, it would be black and red pompoms on a black glove.

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Michael: Have you had to date any infringes of your patent?

Teresa: I have. Oriental Trading made pompoms attached to a glove and offered in their catalogues.

Michael: How were you made aware of that?

Teresa: A friend of mine called me and said, "Hey I was just flipping through a magazine, and I see your Spirit Fingers in here. Is this one of your customers?" I said, "Actually, it's not." So, I just had my attorneys type up a letter and sent it to them, and they disappeared.

Michael: Did you get them as a customer?

Teresa: No, we didn't get them as a customer, no, but we have partnerships with Susan G Komen. We produce a glove for them. We partnered Coca-Cola which is the number one brand in the world.

Michael: Tell me about the Coca-Cola deal.

Teresa: It started out in 2011 as a promotional product for Coca-Cola at five colleges in the southeast and they bought maybe 2,500 pair total. So, if you went to that college and bought three Coke products like 16 ounce Cokes, you would get a pair of free Coca-Cola Spirit Fingers. It would be in the college colors, but it would have the script Coca-Cola logo across the hand, instead of the college logo.

Well, then in 2012, they upped that to nine tier one colleges in the southeast and went from 2,500 pair to 15,000 pair. If you went for the month of November to select retailers on campus or around the campus and bought three Coca-Cola products, right then they handed it to you at the register.

Michael: Who got that deal?

Teresa: Someone called my office, and that's the way I have realized also as the inventor of a product that has so many legs, you go from retail to high schools to CBMs to promotional to kids, and when you surround yourself like I have with so many people, there's just no way you can fail. I surrounded myself with the right distribution network and the right licensing people in terms of the sports licensing and the right sales reps and the right contacts. Me, as the inventor, I can still maintain the face of the brain, and I can still go out and visit large customers and talk to young inventors or talk on the phone and kind of do the PR side of it, and everything is still getting done.

Michael: You're the woman behind Spirit Fingers, and that's fun.

Teresa: It is. It is literally the American dream.

Michael: As the company grows, when you're doing fifty to a hundred million, your expertise and your value is going to go up as an entrepreneur.

Teresa: As an entrepreneur, there's a realization and it comes a roadblock in your life if you don't really recognize it. As an entrepreneur, you love the taste of the business. You love the growth. You love the idea of growing a business. You love the big idea of a business. That's why you go into business. Obviously, you wouldn't go into a business thinking, "Oh this is a terrible idea, and I'm going to fail, but I'm going to spend all my money anyways on the business."

As an entrepreneur, you go into business thinking, "Oh, this is going to succeed, and these are going to be my customers, and I'm going to make a lot of money. I'm going to provide a lot of jobs," and as an entrepreneur, you actually transition from a big idea to an actual business owner, if the business is successful, and that's a huge

challenge that I have face. I no longer can just be a big idea person because there's taxes that have to be paid. There's employees that have to be paid. There's still the aspect of a big idea because we're still in the foundation phase of our business.

How do you figure out European distribution? How do you figure out Australian distribution? How do you figure out who to hire to get to that next level? It's a huge realization.

Michael: How much money have you made with this business?

Teresa: Collectively, I have probably made more than some people will make in their lifetime.

Michael: Have you made a million?

Teresa: No, I haven't made a million yet, not collectively. Actually, I probably made half a million.

Michael: Before taxes?

Teresa: Before taxes, yes.

Michael: What kind of patent were you awarded, a utility patent?

Teresa: Yes, it was a utility, and I think the best description of a utility in a non-complex, non-lawyer jargon is how it's utilized. There were some balls attached to a glove, it was that cat's toys I mentioned at the beginning, but it was a cat's toys. This is a pompom attached to a glove that's used for fan apparel.

Michael: Different category.

Teresa: Different category, different use of the actual glove than keeping your hands warm.

Michael: What are some of the negatives you've learned about the product? Any reason why people don't want to buy them? What challenges have you discovered with the actual product that you wish would go away or would not occur, that you can overcome. Anything?

Teresa: I would say right now is size. We get a lot of inquiries where children want them and our one size fits most is really for about fifteen and older. We need a little bit more product specification. We have a really cool red behind that we've never launched. It's in our little bag of tricks. We have some light sources at the end that kind of would add this flashy look to it. We've gotten requests for Disney license, Disney fingers with the different characters because children will keep these gloves on as opposed to any other gloves because they're a little fun.

People want more licensing. They want priority licensing. They want Disney licensing. They want to see more. They also want to see more than just the plain gloves with the two-toned pompoms. We have some rugby striped, maybe some polka dots. If you want to put your name or your child's name, if your child plays football, and I think they might be able to customize it with their name or their number.

Michael: Are you in ASI?

Teresa: We are not, but Wind Craft as a company is, and we are looking into allowing them to handle ASI industry deals, and that's that promotional industry. As our contract stands right now, they're only allowed to manufacture and distribute licensed goods.

Michael: What about Wal-Mart?

Teresa: Wal-Mart's out. Especially now with our colleges, maybe once NFL picks up some and the NHL, our customer base is really NCAA at this point. That's our million dollar product line. So, you synch with the shoppers, I don't want to say that Wal-Mart shoppers are not educated, but if I had to choose and I did have to choose between Target and Wal-Mart, I went with Target because I think I fit their customer base a little bit better. If you look at the brands that each store carries, NFL is a huge Wal-Mart brand. NCAA, their fan zone is huge at Target, that little fan zone aisle.

Is there a future at Wal-Mart? Probably, and I think as we expand our line into different types of Spirit Fingers, whether the pom-pom changes or our glove changes or the design of our glove changes with our length and our rugby stripes. I think Wal-Mart is an obvious place for us to go, but our margins have to be right, and we haven't fine-tuned that kind of stuff yet, and we don't want to kill our brand. We want to be seen at the stadiums. This is game day apparel. So, we would rather be at the stadiums, in and around the college towns as opposed to a nationwide retailer. They have thousands of locations, but again, the thing with game day apparel is we sell into Wal-Mart we could lose our major partnerships at the stadium level.

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Michael: Okay, let's talk to a young woman who's entrepreneurial maybe like you were who wants to patent a product and get into the entrepreneurial lifestyle and she has three kids and she has a husband, what in hindsight would you tell her as far as giving advice before she starts her path to what you've been doing over the last multiple years?

Teresa: Well, first I tell all young entrepreneurs to keep their expenses absolutely minimal. I say don't make any permanent decisions in your twenties. Don't buy a house. I even say don't get married, but that would have really messed up my situation. Don't

buy an existing business unless you know don't work. You always have to wonder why someone is getting out of business. Why is it for sale? Because launching a new business requires a lot of money and no return.

When you look at someone as a partner, you have to make sure that as an entrepreneur that they don't squash your ideas and they really believe in themselves enough to believe in you. As an entrepreneur, I had relationships in the past where I would tell them my crazy ideas and a lot of times, they didn't support them. That made me feel bad for having these crazy ideas. So, as a young woman and what is still in the business world, it's pretty much true it's a man's world. You need a man who is confident in himself and confident in your relationships and secure that they believe in your ideas even though you might be female. They believe in your ability to make bold decisions and know that you're not going to make an emotional decision.

I think in this business as an entrepreneur or even as a female, even fine-tuning it down to that, a lot of times you'll hear someone say, "That's emotional." As a man, it would be like, "Oh, he's in a bad mood today," but it's always about us being emotional.

So, again, as a young entrepreneur, find the right partner if you're going to have a partner. If you're not, stay home with your parents. Sink all of your money into building a business rather than building a debt. Rather than buying a fancy car, take that same monthly payment that you'd be paying and put it in a savings account and start a grass-cutting business. Anyone for the most part can make about \$25,000 a year working for themselves. In this day and age, in a dot-com business, you can pretty much start a website for ten bucks and build it yourself and sell some stuff on it and make \$25,000 maybe \$50,000.

I say go for it. I think it's much better to create your own path than to allow people to tell you what you do on a day to day basis.

Michael: Where do you see Spirit Fingers five years from now?

Teresa: I hope it's in every stadium. I hope you watch a major league baseball game or an NFL game or an NCAA game, and it's just as iconic as a baseball cap or the number one finger, the foam finger, or the pompoms. I'd like to see someone international expansion. I think soccer is huge and I think rugby over in other countries, the European nations and Russia, and there's just so much growth. I'd love to see the growth continue, and not see the roadblocks that could have prevented us from getting to where we are today. That's what I'd like to see in five years from now.

Michael: I'm sure you've looked into the pompom business. Was the pompom originally a patented product?

Teresa: The company Wind Craft is now my new partnership. They started their company and all they sold was pompoms. That's it, and when the owner Dick Kope bought Wind Craft, they made pompoms out of tissue paper material. Now, you've got

vinyl. You've got shimmery kind. You've got sparkly kind. You've got little pompoms, big pompoms, and that's really what they told me in terms of my business.

I said, "You know, guys, I think we have a shelf life here," and they said, "No, no, no. Wind Craft doesn't get into anything with a shelf life. We get into things that are long term. We wouldn't get into a [inaudible]. We think this has a lot of legs. We think it's here to stay. We think it's had a nice growth cycle. We think there's still a lot of growth in the product line, and we don't foresee anything in the next twenty years preventing it from still being for sale to anyone."

Michael: How long is your contract with them?

Teresa: It's still 2016, but it's renewable within six months of that April 16th, 2016, but I don't foresee it ever been available for a licensing contract, and that kind of distribution as long as I can see it.

Michael: Wind Craft, they have the licensing with all the major sports franchises, but you're free to grow your business and you could do anything you want. It's still yours.

Teresa: And, that's what I do. That's where I'm regrouping. I'm actually taking some time off from the day to day operations, and I'm going to do free internships with major companies who have become friends of mine now, and they happen to be the presidents or CEO or founders of those companies, and they're a hundred million, three hundred million and five hundred million. These are the ones that I picked. One is e-commerce. One is a wholesale manufacturing distribution, and one is in sports licensing, which happens to be Wind Craft.

I'm just going to spend a few weeks and see how they do it, why they do it this way, why that is their channel of business. look at all of my options as an inventor of Spirit Fingers and still the owner, founder and CEO and figure out where do we go now? What do we do now? Do we focus on our website sales? I have retained the rights to sell to consumers online every Spirit Finger available.

Michael: Are you doing that now?

Teresa: I am doing that until June 15th. We're actually shutting down our e-commerce because again, I was only required to carry 56 colors and 85 colleges because that's all I had access to, and now I have 56 colors, 350 colleges, 32 NFL teams, NHL teams, MBL teams, NBA teams. We need just to relaunch. We need to spend the money on our website, buy all the inventory from Wind Craft that they have now afforded us. We still have factory relations. Wind Craft does in fact use our approved factories, and then we'd like to have some things that are special to our company website only, whether it be colors or like I mentioned before Disney fingers or sorority Spirit Fingers.

So, again, another road block, I see it almost as a maze. We haven't reached the finish line of Spirit Fingers, but we've hit a road block and we need to just kind of comeback and turn around and find out where the next. Between you and I or between you and I and the listeners, as the inventor, you always think about what legacy am I going? Do you want to leave a legacy of being an inventor? One of the challenges that I face is I have this whole bag of ideas, whether it be different sizes or different colors or different licensing opportunities with sororities and Disney, or different patterns of the glove with rugby and polka dot, or customized. I can't require another company to do that for me.

So, at some point, I really have to look at my big idea and Wind Craft is a sports licensed business. That should be in addition to ours, but I think we need to make sure that we can create our own legacy, and when people think of Spirit Fingers, they think of our company not just the name of the product.

Michael: I'm sure you're well on your way. I'm sure you're going to do it. I really enjoyed this. I think this has been a great interview.

Teresa: I really enjoy it, too. It's been a long time, if ever, that anyone has really asked me from beginning to current.

Michael: I appreciate it. Maybe in two or three years, when you're in all the major national sports franchises and you're a real big shot, you've got to promise to make time for me and let you interview you. We'll do a before and after. How about that?

Teresa: Yes, that would be great!

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