UP students (from left) Katie Sullivan and Jenny Guile took SakeOne's second-place marketing prize; Sarah Lynch, Chelsey Nakao, Erica Pierantozzi, Ryan Sayre and Andy Li placed first in the contest.

SakeOne could pay students thousands for school project

BY ANDY GIEGERICH

Most 19-year-olds would rather spend their time figuring out how to buy sake, than how to sell it.

University of Portland students taking a marketing introduction class, however, have become obsessed with peddling the Japanese rice wine. In completing a massive class project recently, 13 teams in Rob Peterson's Entrepreneurial Marketing course made marketing and distribution plan presentations before Forest Grove-based SakeOne's upper management. SakeOne, in making it a contest of sorts, will evaluate the plans and, perhaps, even incorporate some of them into a future marketing campaign.

The pay-off could be huge: SakeOne will issue 10,000 stock-option shares at an exercise price of $5 per share to the winning teams. Peterson will decide how many shares each team will receive. The company's 350 shareholders buy and sell on the privately operated bulletin-board service Transferonline.com, where its stock tallies an average-share price around $7.50.

The company, which is planning an October 2001 IPO, will also give extra shares to the school's Pamplin School of Business and Center for Entrepreneurship.

It's an equitable trade: SakeOne, which markets flavored sakes, gets a bevy of fresh ideas while students gain experience in making nerve-wracking, 10-minute presentations. It's experience that will serve them well when they leave the university and enter the cutthroat marketing world.

Peterson has taught his students well. As SakeOne mulls different applications for its rice wines such as alcoholic coolers and bath gel additives, the intro business students offered several graduate-level packaging ideas. For instance:

- One group suggested selling sake coolers in "three-packs," a snappy triangular option that stands out on crowded refrigerated shelves.
Students: SakeOne sees value in marketing class

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Another group recommended selling sake coolers in eye-catching cobalt-blue bottles.

A third group displayed a gift basket with the demo SakeOne bath products.

SakeOne executives, including founder and CEO Grif Frost, attentively listened to the presentations, offering both praise and advice upon completion.

Frost, in particular, enjoyed the suggestions to create a “SakeScents” bath and shower gel (“I can envision a whole line of sake-based cosmetics,” he said), the sake-based “Midnight Cocktail” and the “Enkai” premixed sake cocktail.

“We have been working on this project for a major winery in the United States that wants to be our distribution partner,” Frost said of the Enkai proposal. “The students came up with some great innovations that we will incorporate into our project.”

Along with packaging and distribution ideas, each group concocted its own promotional items for the products. One team created shelf talkers with Japanese lettering lining the sides. Other students even developed print advertising and pasted the ads in Glamour and Willamette Week.

Each of the presenting groups also developed pro-level computer graphics—charts, bullet points, logos, all edited with wipes and fades—that clearly explained each point.

The Entrepreneurial Marketing students are following a path laid last year by SakeOne’s involvement with Peterson’s Applied Marketing Strategies class for prospective MBAs. The grad students, working in teams, spent the semester researching the industry to find good niches for SakeOne. The winning team was rewarded with 2,000 shares worth of stock options, which the students can convert now while SakeOne is private, or next year when it goes public.

This year’s SakeOne team developed environmental analyses, a SWOT (strengths, weaknesses, opportunities and threats) analysis and ways to achieve their objectives.

“I’d worried that students would’ve been through the class would say I assigned them too much,” Peterson said. “They said it was the best project they had worked on in their academic career. If we had dropped it, it would have been just like any other class.”

“This is more than just giving them books and a lesson plan: They’ll be able to draw on what they’ve learned here for the rest of their academic and professional lives,” said Robin Anderson, who heads the school’s Center for Entrepreneurship.

Besides helping develop students’ interest in business, Frost said, the exercise lets his company obtain quality “consulting” at a good price.

“I always felt that this approach to business learning was exceptional and now I have the chance to give the same type of opportunity to this generation of university and graduate students,” he said. “It’s an inexpensive way to generate profitable ideas.”

SakeOne hopes to raise $7.5 million this fall (Off Road Capital will raise the venture funds) before aiming at the $50 million mark with its IPO. Frost projects the company’s revenue at $100 million by 2003.

Other SakeOne reps attending the presentations were chief marketing officer Keith Fitz-Gerald, CFO Rob Timmons and national sales manager Bill Moughan.

Frost believes others can learn from the University of Portland program.

“I hope that other entrepreneurs in the Portland area will also participate with the students at the U of P or other universities in developing similar business learning programs,” he said. “It’s a great experience for the students and the entrepreneurs.”

For that, you don’t even need a fake ID. ☀