



MARK MERKO / THE HARTFORD COURANT
 "THIS is not a sugar-based product or wrapping paper; there are only so many gifts you can wrap. This is something that people can use," says George A. Castineiras, president and CEO of ArtStamps LLC, a Hartford company that takes children's artwork and puts it onto postage stamps. Below are three such stamps.

FROM THE MINDS OF KIDS



Company Puts Drawings Onto Stamps
 That Schools, Groups Sell As Fundraisers

ENCOUNTER
 GEORGE CASTINEIRAS

BY JENNIFER WARNER COOPER

George Castineiras of Farmington is building a business around children's crayon drawings.

Castineiras, 38, is president and CEO of ArtStamps LLC. The Hartford company puts the drawings on stamps approved by the U.S. Postal Service, then packages the stamps into fund-raising packages used by schools or organizations.

Q. What prompted you to start this business?

A. About eight years ago, while living in Orange County, I saw an ad for personalized checks and return labels in the Sunday [newspaper]. I had a great picture of my baby daughter, and I thought of putting that photo onto a stamp. I started working on a business model that day, researching customized postage.

I hired a consultant and spent a small amount of money — but a large amount of time — before I decided to put the idea aside. When stamps.com launched in 2005, I decided to go through the anger-denial-acceptance phases very quickly and to reverse-engineer my idea.

By now, I had three kids who were selling various things for fundraising. I hired an intellectual property lawyer, did a lot of research and turned my customized postage idea into a fundraiser.

Q. How did you become affiliated with the U.S. Postal Service?

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Stamps

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A. The challenge with the post office was in finding the right people to contact. They have over 800,000 employees, so trying to find the right one to talk to without jeopardizing the confidentiality of the idea — the intellectual property — was not easy. Once we found the right person in Washington, D.C., he introduced us to the three companies who are licensed vendors for producing customized postage, and we decided to work with [California-based] Endicia.

The post office loved the idea for a couple of reasons. They are challenged with what I call Generation Y; they are all text-messaging; they don't write letters, or know the value of a stamp or the history of the U.S. Postal Service. Also, the postal service had had photography submitted before for

postage, but never original artwork, so they were very interested.

Q. Do you have an exclusive deal with Endicia, or do they also work with your competitors?

A. They work with other firms, but not competitors of mine. With other companies, they focus on direct marketing to the consumer, businesses and individuals. My focus is educational fundraisers, and I have an exclusive with Endicia as it relates to this area.

Q. Your customized sheets of postage sell for approximately \$20, compared to \$7.20 for a sheet of 20 stamps at the post office. How are the proceeds distributed?

A. At \$20, the school gets \$3. Add that to the \$7.20, then you're down to \$9.80. Of that, our [product] nets us about \$1.80 to \$2. It's an expensive model, but I knew this going in.

Q. Are you operating at a profit?

A. No. It's unrealistic for a start-up like this to generate a positive return in less than a three-year period. Based on demand and the interest that we see, I expect that

school year 2008-09 is when we are going to start showing a profit.

Q. How are you financing the business?

A. This is self-funded. I have been very protective in not wanting to give up control of the company, and we are now spreading nationally at a controllable growth rate. We started off in New England, expanded into California. After launching our product nationally, we are now in 38 states. We just signed up a group in Alaska.

Q. In 2004, the U.S. Postal Service temporarily suspended the test phase of customized postage when an old photo of Unabomber Ted Kaczynski got past design censors and turned up on a piece of postage. What editorial standards do you have in place for designs that are submitted?

A. From that point forward, the licensed companies had to demonstrate to the Postal Service that they had the right measures in place for hiring image reviewers, some of whom are historians.

Our images have to be reviewed and approved by Endicia.

With kids' original artwork, it's a lot easier. We have requirements whereby you can't submit something that is considered obscene or dangerous. Out of about 40,000, we've had to shut down two images from schoolchildren, both of which had firearms.

Q. Technology is providing us with text messaging, electronic mail and online postage for our "snail mail." How confident are you that demand will remain strong for your product?

A. I feel good about the demand. First, we see demand for this as a school fundraiser. This is not a sugar-based product or wrapping paper; there are only so many gifts you can wrap. This is something that people can use.

Also, we are in the process of interviewing some private investors, and in doing that, you really get an acid test in seeing how interested they are. These are professionals that see a lot of things come and go, and we have their interest.

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