

Golden Rules of Brand Protection

by Vince McGuire, VP BPS Security, Labeltex Mills Inc.

"It's elementary my Dear Watson." Sherlock Holmes saw it clearly. He used reason and logic. He looked around, collected the data and saw that it was a simple matter. And so it is with brand protection. It's a simple matter of developing a system and taking action. When the Brand Protection Program is designed properly and integrated with all other corporate functions, it becomes a way of corporate life and needn't be burdensome or time consuming. In fact, it can contribute to improved financials for the brand, lower litigation costs per action and improve accountability, with tangent benefits of control of quality, of prevention of diversion and protection against possible product liability claims due to improperly made goods, or products containing hazardous, or illegal ingredients.

Brand protection is about accountability, due diligence and preserving a clear chain of distribution where good business partners share in the wealth and bad partners are identified and eliminated. Liabilities are liabilities even when they are your own authorized Licensee, factory or distributor. The trick is to have the data available upon which to make informed decisions and have the evidence required to take legal action when required.

FIVE GOLDEN RULES OF BRAND SECURITY:

1. THE SHORTEST DISTANCE BETWEEN TWO POINTS IS A STRAIGHT LINE.

When it comes to Brand Protection this straight line should start at the top: CEO, COO, CFO, V.P. & General Counsel to all management of the company, to all employees, suppliers, distributors, stockholders, customers, to Federal, State and local law enforcement, and especially all thieves, brigands and nefarious persons who steal from the Brand.

You should post a statement on your Website and consider including a "Get Real" symbol in your advertising that "you are committed to the protection of your brand and to the elimination of fake or unauthorized products, bearing your logo, trademark or registered images."

It's easy to see where a straight line goes, and so should it be with your corporate policy or philosophy.

2. DOING SOMETHING IS BETTER THAN DOING NOTHING.

It starts with a decision by management to make Brand Protection a priority in the Company. In this day and age the very survival of the Brand depends upon the vigorous and passionate pursuit of protection of your property.

Resources (personnel, time and money) should be budgeted for this effort. Brand protection should be interwoven into every function of the company: product design & development, fabrication & distribution, marketing & sales, contracts and agreements. In essence, every cog and wheel in the company's machine.

Doing nothing is a sure road to failure. Doing nothing means that you will get grief from the stockholders and accolades from every counterfeiter, diverter and distributor of unauthorized product.

3. AN EDUCATED CONSUMER IS OUR BEST CUSTOMER.

Sy Simms was right. Counterfeit products are now being called "The Crime of the 21st Century". There is reportedly more profit with less risk in making counterfeit DVD's or CD's than is making and distributing cocaine or heroin.

It is also said that it is the consumer's demand for cheap knockoffs that is driving the market for these products and that the consumer has the perception that buying fakes is a victimless crime. Personally I think these statements are a lotta crap. Anyone who buys a branded product

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at an extremely cheap price, or buys it from some stores in certain places in the city, knows it's wrong. They may not stop to think of all the negative consequences of their action; but they know they're stepping over the line...dancing with the devil.

It's too bad that knowingly purchasing a fake product isn't a crime punishable by a fine or loss of reputation or imprisonment in this country. It is in France and Italy.

As responsible Corporate Citizens, we should educate the consumer to "Get Real" and stop funding losses of jobs to terrorists who make fake goods of sub-standard or hazardous materials or ingredients.

Buying counterfeits is not cool...it's not cute and it's not funny.

4. EVERYONE IS INNOCENT UNTIL PROVEN GUILTY.

U.S. Chamber of Commerce estimates that 22% to 30% of a brand's total sales can be eroded due to unauthorized distribution of fakes, diversion and unreported sales. Frankly, I believe this estimate is conservative.

Add-in counterfeit products that are salted in with legitimate goods by bona-fide distributors as well as unreported sales by approved vendors, as well as employee thefts, store thefts etc. and you can see that the bottom line can be affected very easily from a myriad of sources.

About Vince McGuire and Labeltex Mills Inc:

Vince McGuire is a 47 year veteran of brand security and for the past nine years he has served as V.P. of Brand Protection Systems™ of LABELTEX MILLS INC. (www.labeltexusa.com) currently over forty-five global brands utilizes LABELTEX MILLS INC. BPS™ Security sew-in labels or pressure-sensitive stickers on, or in, their products. NYPD, LAPD, Miami-Dade Police, DHS Ice Agents, F.B.I., Interpol as well as Private Investigators and IP Attorneys have all praised LABELTEX BPS™ Security System as an important help in reducing counterfeit merchandise and in obtaining Seizure Orders quickly and cost effectively.

Labeltex Mills is a partner with Dependable Solutions, Inc. to integrate security label tracking to the Dependable Rights Manager licensor financial management system.

In these difficult times all business partners are tempted to step over the line.

My advice is to set up a Brand Protection System that treats all partners equal, and has within it accountability and transparency. Periodic audits insure that the books are correct and plugs any holes before they accumulate into chronic problems.

5. WHETHER YOU THINK YOU CAN OR YOU THINK YOU CAN'T...YOU'RE RIGHT.

Most of what we do (or don't do) in life is shaded by our thoughts, attitudes, judgments and perceptions. If you say "This is too much!" it will be too much. If you say "I don't think we can do this!" you won't find the time, or the energy, or the resources to do it.

In my travels and in my meetings with Brands I often find indecision, especially during these difficult financial times. It's easier to postpone a decision, or delay action, than to follow what appears to be a compelling need for action. In the "flight or fight syndrome" most people choose to flee, even though they know that battles aren't won by running away.

Unfortunately it's the wrong decision and someday we will account for our choices.

There is no one perfect solution to protecting your brand from damages done from within and from without. But common sense says you have to do something...there are just too many forces at work to bring the brand down.