

FREE!
COLLECTIBLE
POSTER
INSIDE

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Guaranteed...

To take a line from the Talking Heads... "How did we get here?" Is it me, or is the guarantee game getting out of hand...

In today's licensing environment, guarantees are financial promises given by the licensee to gain entrance, yet this is not what it is all about. Success in our business is in the royalty payments. Success is in great product that excites the trade and consumer. Success is in great properties that add value to the product. Sometimes these opportunities are not tied to huge companies or huge deals, but they become huge success because they are "right."

Guarantees have become price tags in the minds of licensees and licensors. How many times have we heard from both sides - How much? When that is not the question at all! Guarantees are (at best) a conservative guesstimate on the relative size of the business, and most will agree that success is not merely making the numbers, but blowing by it in multiples. That's the real measure of success. And so what? If a licensee pays 10 times a guarantee because they do a great job, should the licensor feel slighted...like he/she gave away the category for a number far below what they might have been able to write? No. Many licenses are speculative for all parties; even some of the big ones, and the guarantee game is fraught with problems.

Speaking of guarantees, when did this become a one-way street? How many times has a licensor guaranteed anything to a licensee? Sales...no. Success... no. Exclusivity...you've got to be kid-

ding... What the licensor is supposed to guarantee is some consumer equity - a reason for the consumer to pick up the higher priced licensed product rather than its generic cousin. In today's environment, the licensor guarantees virtually nothing. Ask for specific performance hurdles in a contract and the licensor will give you a list of reasons why they cannot.

Success is easy to deal with; the guarantees become moot, until the renewal. Failure on the other hand is a sticky wicket. When a property implodes, how often do you see a licensor say... we tried but failed, forget the guarantee. It does happen, but rarely. Most often the response is "Hey, you signed a contract, we've already booked that as revenue." Unfortunately the licensee doesn't have that luxury. Imagine a manufacturer telling a retailer, "You have to buy this, I have a big guarantee!"

One of the biggest misunderstandings in our business is the notion that a big guarantee "makes" a manufacturer try harder, sell harder, and makes the program more important. I'm all my years in the business, I have never communicated a large guarantee to the sales force, and if I would have they wouldn't care. We always communicated the marketing reasons for potential success, and explained why this product/property was superior to a competitors offering. Royalty rates, guarantee, term, are all management stuff and why VP's count ceiling tiles at night...

Consultants, too...

Wacky

He's Big, He's Red...

He's Clifford, and he's heading to PBS. For the first time in the 37-year history of Clifford he is being animated for television. Scholastic Entertainment has lined up a stellar list of licensees to create merchandise for Clifford.

The industry leader and innovator in the key chain category, Basic Fun, introduces a line of key chains, windup toys, and clip-ons. The company's President, Alan Dorfman, stated his excitement in being part of the Clifford family. "Being associated with a classic icon like Clifford gives us a huge boost within our preschool line."



Clifford

©1999 Scholastic, Inc.

A wide-range of puzzle formats along with board and flash card games from Warren Industries are being prepared for late 2000. The company debuted the line at this year's Toy Fair, and received excellent reaction from many major retailers. AD Sutton launches their line of backpacks, travel bags, and diaper bags for 2001.

Peter Van Raalte, Vice President for Scholastic Entertainment, sums up the Clifford merchandising plan by saying "With 37 years of equity behind him, we are excited about the opportunity to build a program featuring one of the most recognizable icons of our generation."

You're A Mean One...

Highlighting the 2000 Holiday Season is one of the all-time classic Christmas characters.

Universal's Thanksgiving release of the live action movie - The Grinch Who Stole Christmas, features a wide range of licensed merchandise, with many major mass retailers supporting the program. When doing your Holiday Shopping this year, look for Gemmy Industries' animatronic items featuring the Grinch and other characters from the movie. Chuck Chastain, Director of Licensing, said, "When Universal first announced their plans in doing a live-action Grinch movie we were excited. We began formulating our

ideas to become a licensee as far back as two years ago." Gemmy's line includes plush figures with sound and movement, animated candy bowls, and stockings.



© 2000 Universal Studios

With their major presence at retail during the holidays, the Frankford Candy and Chocolate Company garnered the rights to produce candy tins featuring "the mean one". Frankford's collectible tins come filled with candies and snacks - making it the perfect gift for someone special.



Building Q™

Licensing / Marketing

To The Kid On The End Of The Bench

Champions once sat
where you're sitting,
kid.

The Football Hall of Fame
(and every other Hall of Fame)
is filled with names of people
who sat, week after week,
without getting a spot of
mud on their well laundered
uniforms.

Generals,
senators,
surgeons,
prize-winning novelists,
professors,
business executives
started on the end of
a bench, too.

Don't sit and study
your shoe tops.

Keep your eye on
the game.

Watch for defensive
lapses.

Look for offensive
opportunities.

If you don't think you're
in a great spot,

wait until you see how many
would like to take it away
from you at next spring
practice.

What you do from the bench
this season

could put you on the field
next season,

as a player,

or back in the grandstand
as a spectator.

NEWS & NOTES



LICENSING SHOW NEWS... Be sure to visit us in **Booth # 3453** – we are “showing” for the 5th consecutive year...the booth is a good place for clients to drop off their stuff, we have client samples on display, and a small meeting room on a first come, first served basis...

NEW BUSINESS... **Building Q** welcomes “3DIQ,” manufacturer of 3 Dimensional Viewers and card sets to our client roster...

ON-LINE... The Building Q website has been getting rave reviews by licensors and clients alike. Licensors like it for the latest clients lists and information along with links to client's websites...Visit www.BuildingQ.com and let us know what you think....

NOTE... **Building Q** and **PDQ Product Development** are now “TM”s as the application process to register both marks is underway...

PDQ Product Development... **Jonathan Jaffe** has been busy since joining PDQ as its new Executive VP in January. Jonathan brings a fresh perspective to PDQ, along with his broad experience in developing both licensed and non-licensed products during his careers at **Mattel**, **Tyco Toys**, **The Franklin Mint**, and **Electric Mobility**. PDQ is currently developing products that range from R/C toy vehicles to children's potty seats, to scooters for the disabled, and can do all of this and more for you.....

UPCOMING TRADE SHOWS... **All Candy Expo** – June 6-8, Chicago...**Summer Magic** – August 28 -31, Las Vegas...**International Juvenile Products Show** – September 23-26, Dallas...**SHOPA** – November 15-18, Miami...

LIMA AWARDS... The Awards presentation at the **LIMA gala** will be sprinkled with **Building Q** clients...**PolyConcept** is nominated for **Hard Goods Licensee (brand)** of the Year for their M&M's line of consumer electronics...(Mars' is nominated as licensor or the year for their M&M's program) **Basic Fun** gets nominated as **Hard Goods Licensee of the Year (Entertainment)** for their whole line of working key chains...(a product category that **Basic Fun** created!)...And **Hawaiian Punch** is nominated, in part because of the success of **Frankford Candy's** successful line of HP pops and candies!

FUN RUN... If you haven't danced your legs off at the **LIMA GALA** on Wednesday night, be sure to check out the **first annual Building Q “It's Gonna Be Huge” Licensing Show Fun Run** on Thursday June 15th at 6:45AM in **Central Park**... Contact us for more information...



Building QTM
Licensing / Marketing

PDQ
PRODUCT DEVELOPMENT



News & Previews

Client	Distribution	Core Product Line	Current Licenses (listed alphabetically)
TOYS AND GAMES			
BASIC FUN	Mass, Specialty, Toy	Working Keychains	Barbie, Clifford, Crazy Bones, Etch - A - Sketch, Hasbro Games, Hot Wheels, MTV, Nickelodeon, Peanuts*, Pokemon, Powerpuff Girls, Radio Flyer, Sailor Moon*, Toy Story 2
SOMA INTERNATIONAL	Mass	Die Cast vehicles, Vehicle Playsets, Toys	Lockheed Martin*
WARREN INDUSTRIES	Mass, Mid-Tier, Toy, Drug, Specialty	Games & Puzzles	Clifford, Coca-Cola, Crazy Bones, Curious George, Digimon, Discovery, DragonBall Z, Lego, Looney Tunes, M&M's, Power Rangers
3DIQ	Mass, On-Line	3-Dimensional Stereographic Viewers and Card Sets	MLB*, WWF*
SEASONAL/SOCIAL EXPRESSIONS			
CLASSIC BALLOONS	Mass, Specialty, Party Stores	Mylar Balloons	Big Dogs, Boynton, Little Bear, Little Suzy's Zoo, Major League Baseball, National Football League, Suzy's Zoo, Three Stooges
GEMMY INDUSTRIES	Mass, Mid Tier, Specialty, Drug	Seasonal & Everyday Animatronics	Alvin & The Chipmunks, Casper, Elvis Presley, Frosty the Snowman, Grinch, Major League Baseball, National Football League, Peanuts, Rudolph The Red-Nosed Reindeer, Scooby Doo, Universal Monsters, Wizard of Oz
PUBLISHING			
MODERN PUBLISHING	Mass, Drug, Grocery	Coloring, Activity and Sticker Books	Barbie, Digimon, DragonBall Z, Fisher Price, Furby, Hot Wheels, Teletubbies, WCW
HBA			
KOSMAKARE	Mass, Drug, Grocery	Adhesive Bandages & First Aid Products	Powerpuff Girls, Teletubbies, WWF
FOOD			
FRANKFORD CANDY COMPANY	Mass, Drug, Grocery	Chocolate & Non-Chocolate Confections, Food Filled Retentative Value Containers	Barbie*, Beatrix Potter, Curious George, Grinch, Hawaiian Punch, Peter Pan, Rugrats, Woody Woodpecker
ELECTRONICS			
POLYCONCEPTS USA	Mass, Mid-Tier, Gift, Catalog	Novelty Consumer Electronics	Coca-Cola, Coleman, Crayola, M&M's, Slinky
CRAFT & ACTIVITY			
ROSEART INDUSTRIES	Mass, Toy, Specialty, Drug	Craft & Activity Kits, School Supplies, Lunch Boxes Tents, Sleeping Bags	Crazy Bones, Digimon, Disney's Dinosaurs, DragonBall Z, Franklin, M&M's, Peanuts, Pokemon, Sailor Moon*, 102 Dalmations
COLLECTIBLES			
COLLECTIBLE CONCEPTS GROUP	Specialty, On-Line, Catalog	Collectibles	Austin Powers, Chicken Soup for the Soul*, Terminator I & II, XMEN
APPAREL & ACCESSORIES			
AD SUTTON & SONS	Mid-Tier, Mass, Department Store, Specialty	Diaper Bags, Gift Sets, Backpacks, Travel Bags	Baby Snoopy, CART Racing, Clifford, DragonBall Z, Kolcraft, Little Bear, Little Me, Monster Trucks*, NASCAR & Drivers
BRIEFLY STATED	Mid-Tier, Mass, Department Store, Specialty	Boys & Girls Sleepwear, Loungewear, Boxer Shorts	Austin Powers, Brittany Spears, Crayola, Crazy Bones, Curious George, Dragonball Z, Dr. Seuss, Franklin, Hasbro Games, Korn, Lucky Brand, Scooby Doo, Spiderman, Superman, WCW, XMEN

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* - Contract Pending