

- **Appointing a Licensing Agency**

To develop an effective licensing strategy requires the development of a partnership-style relationship between brandowner and licensing agency with the roles divided as follows:

Client Role	Agency Role
Appoint agency	<ul style="list-style-type: none"> - Ideation - Research target markets - Source potential partners - Develop product criteria
Agree brand strategy and target categories	<ul style="list-style-type: none"> - Prepare brand presentation - Identify target partners - Initiate contact and develop response - Prepare shortlist
Select target partners	<ul style="list-style-type: none"> - Oversee negotiations - Ensure balanced contract - Appropriate royalty rates
Sign agreements	<ul style="list-style-type: none"> - Develop product specification and style guide - Packaging design where required - Develop launch marketing plans
Approve products	<ul style="list-style-type: none"> - Co-ordinate/project management - Royalty collections - Exploit joint marketing opportunities
Support licensees	

Most agencies will want a contract in place before scoping out potential licensing deals. The key terms of a licensing agency contract will include:

	notes	related
product fields:	<p>These are the target areas for your brand. Ideally you should have in place, or be in the process of applying for, a registered trademark in the product fields.</p> <p>Most agencies only work exclusively so that, once appointed, any contracts agreed in these fields will be subject to this agreement.</p>	%age royalty Exclusivity
territory:	<p>The territories you want your agency to cover. You may have existing agency relationships within specific territories, or you may want to appoint one agency who has sub-agency agreements across a broader territory.</p> <p>Many agencies will have relationships with a number of overseas partner agencies and can centrally manage your requirements from the UK. An increased share of royalty when managing sub-agencies may be requested if this is the case.</p>	%age royalty Expenses Exclusivity
term:	<p>The length of the contract will depend on your licensing strategy. You will want a shorter term if you're looking for an agency to develop initial contacts that you manage yourself than if you need someone to manage licensees.</p> <p>Most agencies prefer a longer-term relationship that allows us develop high quality contacts rather than rushing to do the first available deal.</p>	Fee/ Share of royalty Renewal and Termination
monthly retainer/ expenses marketing:	<p>Licensing deals can take a long-time to put together requiring frequent meetings with multiple contacts. A monthly retainer covers the cost of developing long-term contacts, the regular meetings they require, continual improvement of marketing materials, marketing within the licensing industry, attendance at exhibitions and tradeshows, preparation/review of legal documents and ongoing advice to both sides.</p> <p>Depending on the complexity/scale of the work agencies sometimes request a monthly retainer, a marketing contribution, and unapproved travel expenses per month.</p>	Term / Responsibilities

royalty share:	<p>Paying a commission as a share of royalty allows your agency to invest unlimited amounts of time and resource in licensing opportunities and covers the running costs of a co-ordinated licensing programme including developing and updating style guides, gathering licensee data and feedback, and arranging for audits and collecting revenue</p> <p>The industry standard is between 30 and 40% of royalty. Where there are existing licensees who need management you may be able to negotiate a 20% share of royalty.</p>	Monthly Retainer Exclusivity
collections:	<p>Royalty collection is a key part of the licensee/licensor relationship. Unless you are set up to manage this task, your agency will probably pursue royalties more efficiently than your accounts department, and be able to assess the income against the feedback gathered during the sales and marketing cycle.</p>	%age royalty
renewal and termination:	<p>It can take 5 years for a new product to deliver significant sales and new opportunities will evolve out of these success stories. Provided your agency is doing its job, contract extension should be automatic and termination only invoked in the case of insolvency, breach of contract or some similar misadministration.</p> <p>Provided your agency is delivering, you should automatically re-appoint them so that they can enjoy the long-term benefit of developing a successful licensing programme. Where termination does occur, you may be asked to receive the full agency share of royalty for the term of deals done with contacts up to 12 months after termination.</p>	Term %age royalty Roles and Responsibilities
roles and responsibilities:	<p>Licensees need a wide range of continually updated information, from current sales and marketing information through to the latest product designs.</p> <p>Your agency should do everything possible can to ensure that your licensed products are successful. This includes: specifying a range of well-researched, viable products; developing a licensee presentation; sourcing/contacting/meeting the most appropriate licensees; negotiating the best possible contract; providing regularly updated style-guides; co-ordinating retail sales and marketing your brand within the licensing press, at trade shows and exhibitions.</p>	Monthly Retainer %age royalty

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