

Module 2: FINDING COMPANIES TO LICENSE YOUR PRODUCT

How to Find Many, Then Cull Them to a Few



Land Your

License Deal

TODAY'S GAME PLAN – FINDING LICENSEES

- ❖ **RESEARCH FUNNEL 1** – HOW TO FIND MANY LICENSEES, THEN CULL THEM TO A SMALLER LIST
- ❖ **RESEARCH FUNNEL 2** – HOW TO PICK YOUR TOP 3 LICENSEES
- ❖ **RESEARCH FUNNEL 3** – HOW TO SELECT YOUR 'WINNER'

TO REVIEW VERY BRIEFLY

In the last module we discussed ...

- ❖ Why you must know your competitors' products
- ❖ How to get competitor information easily
- ❖ How to create a list of your key competitors
- ❖ Create a comparison grid, yours vs theirs
- ❖ Create your USP – unique selling proposition

Today we're covering more **foundation** work... stay with me

ROOKIE MISTAKE ALERT

Skipping 'foundation' work – licensee research is crucial

- ❖ This is the last of the 'foundation' work – maybe the most important
- ❖ This foundational stage creates your curated list of potential licensees – definitely important
- ❖ We will build marketing strategy based on your **USP** and your **curated licensee list**
- ❖ So, stay with me – in this module, we'll build your curated licensee list – it all starts with 3 research funnels

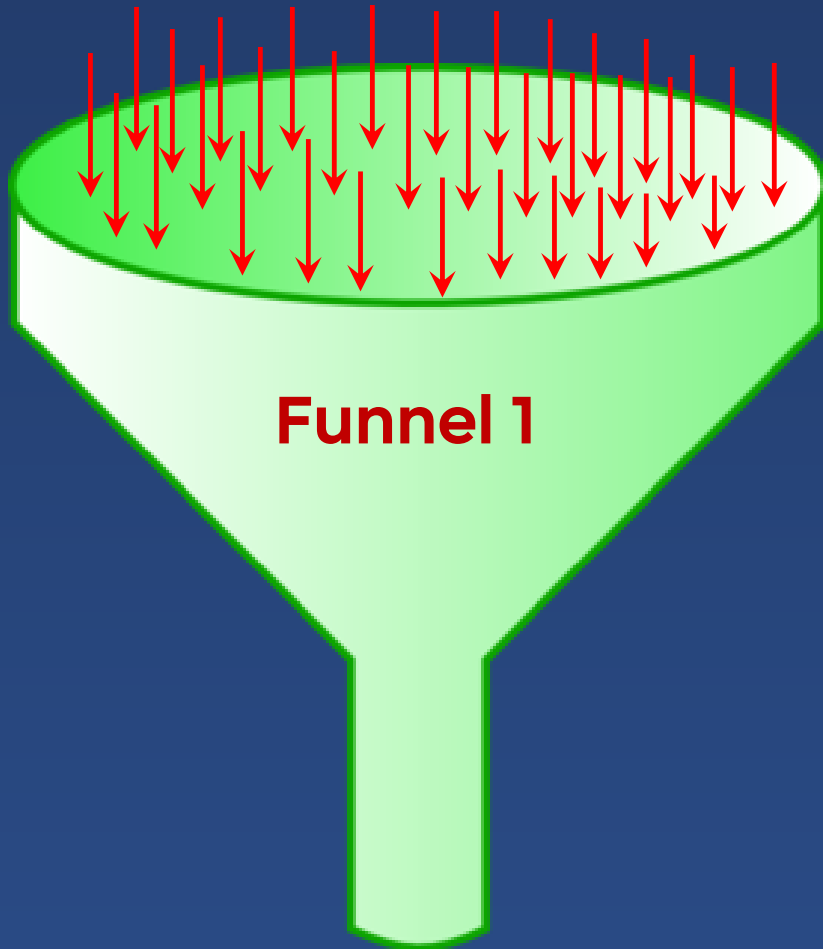
ROOKIE MISTAKE ALERT

Confusing manufacturers with retailers and distributors

- ❖ You are seeking manufacturers to license your invention
 - Retailers and distributors do **not** license products
- ❖ *Nike, Reebok, and New Balance* manufacture shoes, whereas *Finish Line* and *Foot Locker* are retailers
- ❖ Most U.S. manufacturers no longer have factories in the U.S.
 - Most likely your licensee will make your product in China to maintain sufficient profit margins

FUNNEL 1: FIND MANY LICENSEES

Everyone seems to make products like mine!



Let's look at **Funnel 1** – the first funnel

- ❖ We'll look at 3 different ways to find licensees for your product
- ❖ Initial goal is to find **lots** of potential licensees
- ❖ Later, we'll cull the list to a much smaller group and you will select your favorite
- ❖ Let's get started!

Funnel 1



FUNNEL 1: THREE WAYS TO FIND MANY LICENSEES

1. Do a *Google* search to find manufacturers
 - Just *Google* “who makes pet toys” – for example
 - This gives you *Planet Dog, Kong, West Paw* and others
2. Browse through retail stores with products like yours
 - *Ulta* stores has lots of women’s cosmetics and accessories
 - *Home Depot, Lowe’s, True Value Hardware* – tools and housewares
 - *Fry’s, Best Buy, Micro Center* – computers and electronics
3. Use my resource list of links for houseware products and tools
 - examples shown in next 2 slides



FUNNEL 1: FIND MANY LICENSEES

❖ My resource list for housewares*



The screenshot shows the 'HOUSEWARES MANUFACTURERS DIRECTORY BY PRODUCT CATEGORY' page from 'the home authority' (IHA). It includes a list of categories under 'clean + contain' and 'cook + bakeware manufacturers'.

HOUSEWARES MANUFACTURERS DIRECTORY BY PRODUCT CATEGORY

Click on any category below to see a list of exhibitors/manufacturers from that category.

clean + contain

cleaning, home organization + outdoor living products manufacturers

- bath + shower accessories
- cleaning products + supplies
- closeouts
- closet + clothes care
- furniture
- general merchandise
- hardware supplies
- home improvement + diy
- impulse products
- industry service providers
- home organization
- outdoor living
- pet supplies

cook + bakeware manufacturers

- cookware
- bakeware
- tea kettles + brewers

- There are lots more listings – download the **Licensee Resource** list pack

Funnel 1



FUNNEL 1: FIND MANY LICENSEES

❖ My resource list for tool companies*

List of tool manufacturers

From Wikipedia, the free encyclopedia

This is a list of manufacturers of [Woodworking hand tools](#), [hand-held power tools](#) and [stationary machines](#)

Manufacturer ↕	Brands ↕
Altendorf GmbH	Altendorf
Apex Tool Group (ATG)	Apex Fastening Tools, Belzer, Campbell, Cleco, Crescent , Delta, Dotco, Erem, Gearwrench, HKP, Jacobs, Jobox, Lufkin, Nicholson, Recoules Quakenbush, SATA, Weller, Wiss, Xcelite
Atlas Copco	Chicago Pneumatic, Edwards
Bad Dog Tools	Bad Dog Tools
BN Products – USA, LLC	BN Products
Diamond Products	Core Bore, Core Cut, Tyrolit
Emerson	Ridgid , Proteam, Workshop ^[8]
Fein	Fein
Flex-Elektrowerkzeuge	FLEX
General Tools & Instruments LLC	General
Gray Tools	Gray Tools, Dynamic
Great Neck	Great Neck, OEM, Sheffield, Mayes, Goldblatt, Others ^[9]
Griffon Corporation	Ames True Temper
Harbor Freight Tools	Central Machinery, Central Pneumatic, Chicago Electric, Pittsburgh Tools, US General, Cen Tech, Drill Master, Earthquake, Hercules, Bauer
Hilti	Hilti
Hitachi Koki	Hitachi , Metabo , ^[11] Lurem, Elektra Beckum
Husqvarna Group	Husqvarna, Weed Eater, Poulan, McCulloch, Others ^[12]

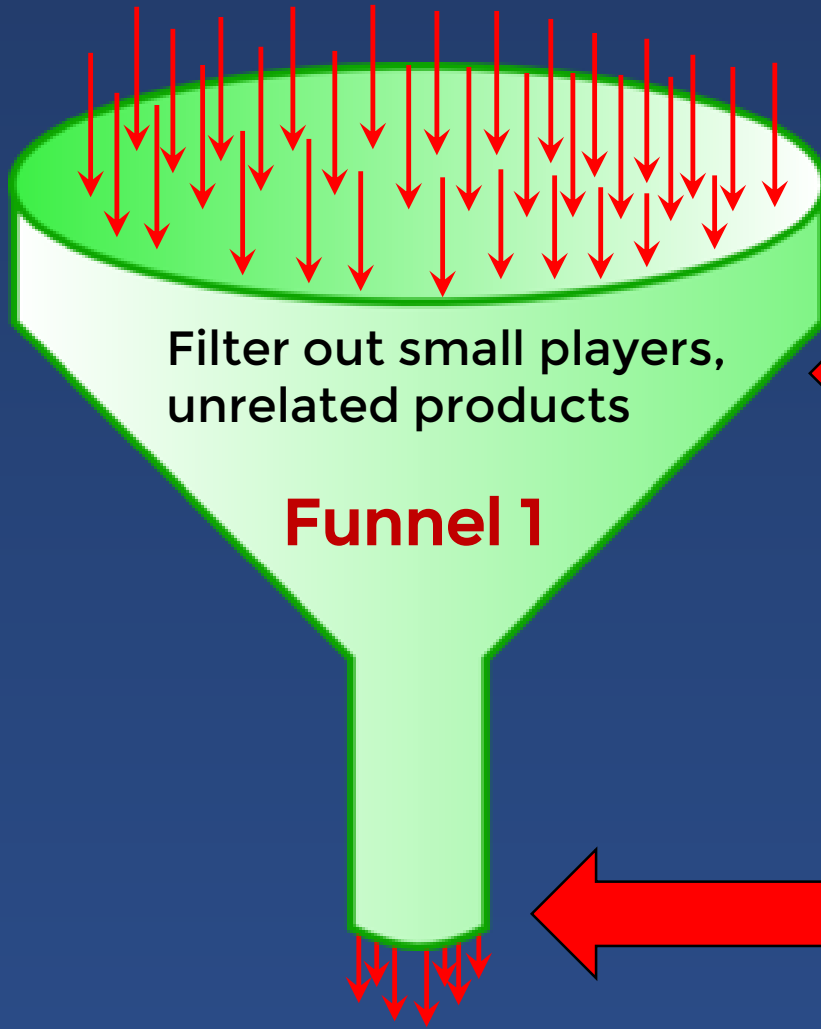
* There are lots more listings – download [Licensee Resource](#) list pack

Funnel 1



MEDITATION BREAK – DEEP BREATH

- ❖ This may seem like a lot, but it is good to start with a **lot** of licensees at the top of **Funnel 1** – most will be culled



Next, we'll show how to cull out the smaller players, companies with unrelated product lines

The result is a smaller list of licensees

Funnel 1



FUNNEL 1: CULL THE LIST OF LICENSEES



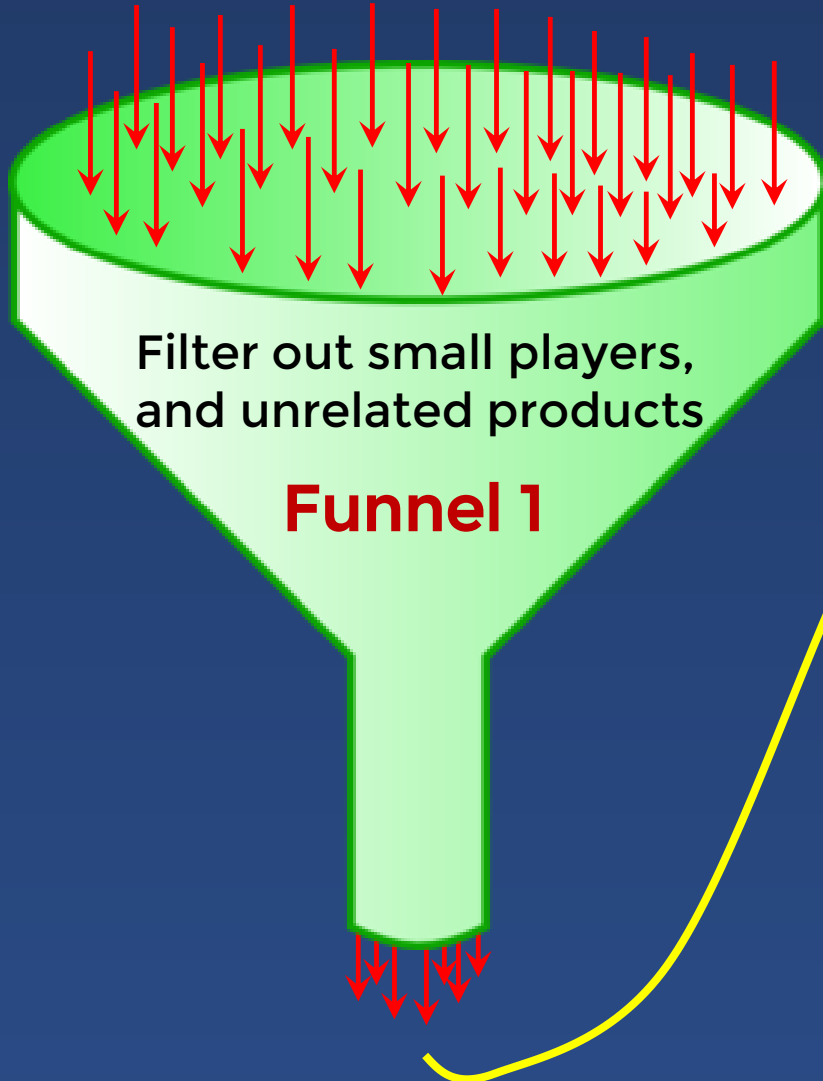
- ❖ We'll use **my** product as an example, disco light **cat toy**
 - My licensee list includes *Pet Links, Petstages, and Kong*
 - ❖ *Pet Links* – their focus is on plush toys, tunnels, etc.
 - ❖ *Petstages* – they focus on plush toys, few cat toys
 - ❖ *Kong* – they have lots of active and electronic toys
-
- ❖ *Kong* – is the clear winner, my top pick
 - Larger selection of cat toys, especially active and electronic toys

Funnel 1



FUNNEL 2 – PICK YOUR TOP 3 LICENSEES

At the top of **Funnel 1** we had many licensees



Use Funnel 2 to pick your favorite 3 licensees

Remaining licensees go to top of Funnel 2



Your top 3 licensees

Funnel 2



FUNNEL 2: SELECTING YOUR TOP 3 LICENSEES

Let's pick your top 3 favorites from remaining licensees



Your 3 favorites

How to pick your favorites:

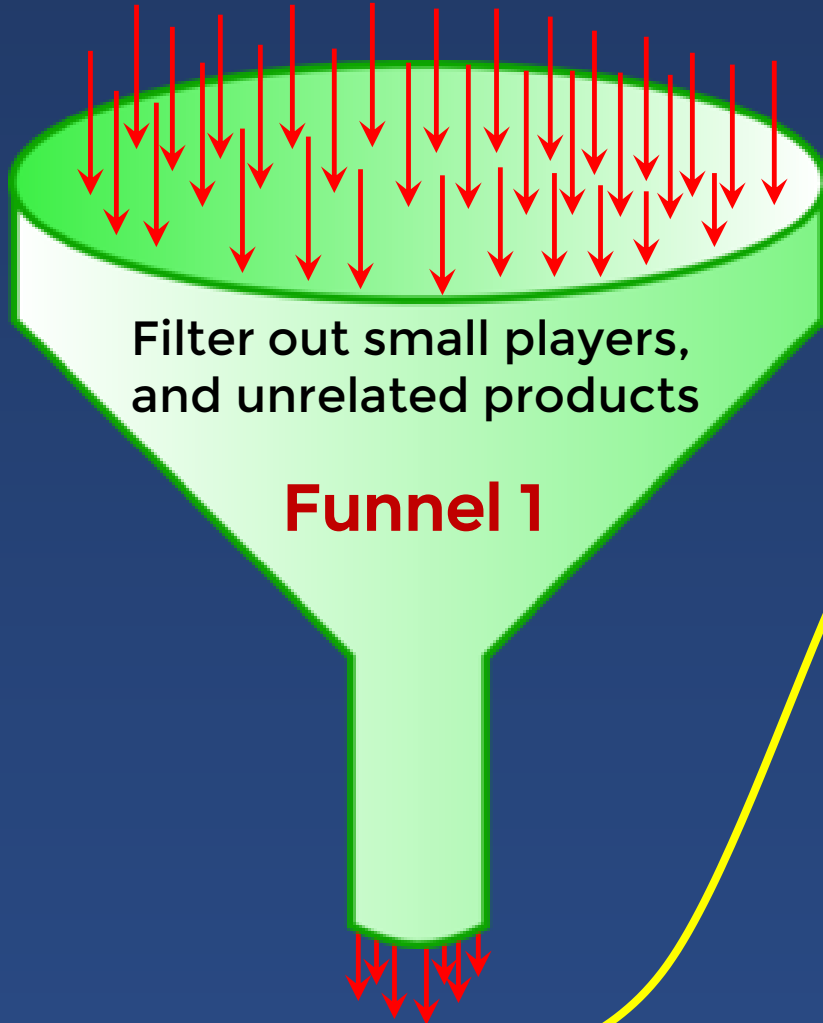
- ❖ Favor larger companies you are familiar with
 - bigger retail store 'footprint'
- ❖ Choose companies where your product **complements** their current product line
- ❖ There are no **wrong** answers, it is about what works best for you
- ❖ You started with many licensees (**Funnel 1**), you culled that list to fewer, and now you have your final 3 (**Funnel 2**)
- ❖ Now let's go to **Funnel 3** where you pick your winner!

Funnel 2



FUNNEL 3 – PICKING YOUR ‘WINNER’ LICENSEE

Funnel 1: We started with big list of potential licensees and ...



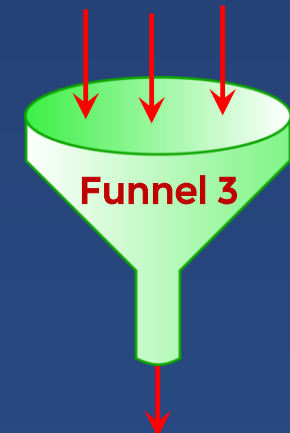
Culled to a much smaller list, then..

Funnel 2: We sifted through the smaller list of licensees and...



Selected the top 3, now...

Funnel 3: We'll pick your winner

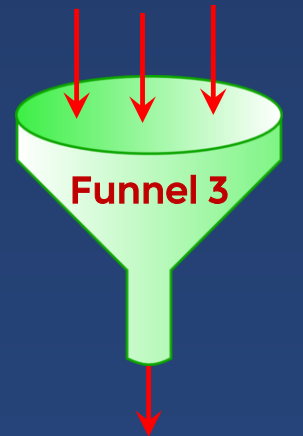


Your winner



FUNNEL 3: PICK YOUR WINNER

Time to pick your 'winner' from the top 3 candidates



Your winner

How to pick your winner:

- ❖ Research the 3 companies' websites to learn their key product focus areas
- ❖ Browse through annual reports to learn which product lines they are growing and those that are being reduced or eliminated
- ❖ Your winner licensee will be committed to continuance of the product line of interest
- ❖ Look for the licensee that seems the best fit for your product, a win-win for you and them

Funnel 3



ROOKIE MISTAKE ALERT

Just selecting a licensee that is a well-known large company

- ❖ *Tandy Brands Accessories* – previously the largest wallet manufacturer – filed Chapter 7 bankruptcy in 2014
- ❖ Large conglomerates may own many companies – and are very committed to some, but not to others
- ❖ You must do research to determine if your product is a key asset to them – annual reports are good place to check
- ❖ Smaller companies may be more receptive to new products from independent inventors

WRAPPING IT UP

- ❖ **Funnel 1** – Create a large list of potential licensees, then cull it to a smaller list of companies, well aligned to your product
- ❖ **Funnel 2** – Pick your top 3 licensees – larger companies where your product would be an asset to their current line
- ❖ **Funnel 3** – Pick your top choice, the winner, through further research to find the best fit for your invention

IN THE NEXT MODULE, WE ADDRESS YOUR 30-SECOND COMMERCIAL

- ❖ What is a 30-second commercial (TSC) ?
- ❖ Why your TSC is essential
- ❖ Keys to crafting your TSC
- ❖ Look at an example TSC
- ❖ How to create your TSC
- ❖ Famous TSC examples from the past