

ICLA



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Logo Brands

VP of Sales and Marketing

January 13, 2020, 10:05 a.m. – Dave Williamson began his operational update for our weekly Executive Meeting with communication from our Asia team asking him to re-evaluate his upcoming travel to the Orient. Our team shared of a virus that appeared to be growing very serious but the details and impact were unknown. We quickly went from being excited about our promising sales forecast to being concerned about our supply chain.

We immediately began working on precautionary measures. We moved production to alternate suppliers and ensured all the raw materials for the next few months were on order prior to Chinese New Year.

March 2, 2020 – Dave updated the team that our factories and upstream suppliers were returning to almost 100 percent work capacity. We sighed with relief thinking we had survived. Then the fear of the virus hit us on our home turf. Like all other B2B (business to business) manufacturers, our fear shifted from, 'When will we get product?' to,

'Will we be able to sell this product?'. One by one, retailers started closing their doors. Our inboxes were flooded with emails of cancelations and shipment delays.

As a sports licensee, every season we walk into the unknown. Forecasting inventory levels in sports hardgoods is bound to mean misses, it's just a matter of by how much. It is near impossible to meet the sales demands of a team that takes off, or adversely, to sell the teams that don't live up to their projected hype. We are accustomed to taking risks and reacting quickly. However, none of that compares to the uncertainty ahead and the impact on our industry. It is a different kind of unknown. Will people have the disposable income to buy sports licensed products? When will this virus die? Will things ever be back to normal? There is so much more than profit margins at stake.

Although it is a much bigger challenge, we are tackling it and will survive the same way we always do – with grit, creative problem solving, listening to our customers, taking care of our people, innovation, quick action, constant communication and embracing change. We will learn from this and develop better risk management strategies. We are dialed in and ready to act if/when esports or any other new sports avenues get traction. We will help teams, institutions, leagues and retailers capitalize on unique merchandise opportunities to make up for missed gameday revenue. We will develop new items in response to the evolving fan experience.

The uncertainty is unsettling but we are ready to take action. The same is applicable to any other business, not just ours.

I don't know when but I can reassure you we will get back to the in-venue game experience. Sports are the most valuable entity in media, and we are a social culture. One day when we look up and the virus is behind us, we will get up early on Saturday morning with our SUV packed full of gear. We will join fellow fans to tailgate and cheer on our teams. And we won't take for granted the gift that is gameday.



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