



The Debate Goes On...

Of all of the online resources available to the licensing industry, perhaps the one that is having the most impact is LinkedIn. Increasingly the professional equivalent of Facebook, LinkedIn offers licensing professionals the opportunity to develop contacts within manufacturer, retailer and other relevant companies. This on-line networking facility also has a groups and noticeboard facility so that industry sectors can share news and trends and discuss hot topics of the day.

One group that has proved successful at attracting licensing professionals from around the world is Brand Licensing Contacts, run by brandlicensing.co.uk. With over 1,500 members internationally, the group regularly hosts debates on hot topics and is a valuable forum for members. The below is an extract from a discussion between Licensees and Licensors from around the world about whether agents should be paid on retainer or on pure commission. It has been put together by Adam Bass of Golden Goose in the UK. If you're not already on LinkedIn and a member of a group, it's a great way to air your views and to source new contacts.

DISCUSSION

Joe Peragino, Creative Director, Designer, Illustrator, Art Licensor at Drawn to be Wild

Licensing Agents and Retainers

I've been meeting with a bunch of licensing agents recently and a few of them have asked me for a retainer up front. Wanted to get the groups feelings about this. I just think this shows a lack of faith in your property that leaves a bad taste in my mouth from the start. What do you guys think?

COMMENTS

Paul Comben, CEO, AT New Media

Licensing agents have to spend many months doing a huge amount of work upfront to get IP started with licensees and retailers and it is a long wait for commission-only arrangements to start paying them back. Like any SME, cash flow is key. In return for a retainer during the initial period, an agent might accept a lower long-term commission rate.

Brian Gregory, Gateway to Japan, Director at SCT Inc

I've always believed in business on a success-fee basis; meaning, if I am not successful selling something, I don't get paid. I would also only take on things I thought had a chance for success or I liked personally (which isn't always great from a business point of view) so in this respect, I'd have to agree with you, Joe, a retainer shows a lack of faith. Paul's comments are also true in that pay-back (if any) for agents can take quite a while and unless the property is a reasonable seller commissions often fall short of expenditure.

Vicky Kostura, Director at Rights Management International Ltd

The majority of agents get paid on a commission only basis. However, as an agent of many year's standing I have to say this is very tough. Once again, Paul Comben shows great common sense.

Janna Markle, Licensing and New Product Development Expert, specializing in food and beverage for The Valen Group

In brand licensing (not art properties) it is quite common to have monthly retainers or up front fees. There IS SO MUCH work to be done to get a property ready for licensing, and many marketing costs (booths at trade shows, website, advertising) involved. It has nothing to do with having faith in a property and everything to do with investment of an agency's time and the length of time to payback (royalty revenue).