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BUSINESS CONSIDERATIONS

MAKING A GOOD BUSINESS DECISION

Most CLC partner institutions strategically manage the use of their brands, carefully considering who they approve to use their trademarks and logos on merchandise or for commercial purposes. Each Institution is carefully analyzing every applicant's business plan, the products they submit, marketing plans, and the ability of each applicant to add unique products or new retail distribution. As such, obtaining a license for CLC institutions requires a significant financial and time commitment to provide a thorough application and proven results, with no guarantee an institution will approve the license.

Since the beginning of 2013, only 20% of the companies that begin the licensing process actually obtain a license. Many companies that do receive a license are not well prepared for the ongoing costs and commitments of sustaining a successful collegiate business. Annual statistics have repeatedly shown that more than 50% of all new collegiate licensees were no longer licensed after just 18 months. The primary factor cited by these companies was their inability to secure sufficient retail distribution, sustain a revenue stream to justify maintaining the license, or the inability to meet the reporting or other system requirements of CLC on behalf of collegiate institutions.

It is important that you consider the significant investment that will be required in becoming a successful licensee before proceeding with your application. Collegiate licensing is a terrific opportunity for many companies to generate revenue; however, a license alone does not guarantee success, nor is it meant for all companies.

ALTERNATIVES TO SEEKING A LICENSE

Pursuing a collegiate license may not be a viable option for all companies. There are alternatives to holding a collegiate license, including:

1. Become an Authorized Manufacturer of finished product for an existing collegiate licensee and/or supply blank goods for decoration under the existing licensee's agreement. In this situation, the existing licensee is required to handle all licensing artwork approvals, packaging, accounting, sales, and distribution.
2. If your application is denied due to a lack of existing distribution or retail relationships, your company may want to establish sales of your non-collegiate product with retailers that carry collegiate product, then reapply in the future after it has established a proven sales history and retail service record.

INSTITUTION SELECTION & APPROVAL CRITERIA

Each institution utilizes its own decision-making process to determine how to grant licenses. Some institutions grant licenses to many applicants, often within the same product category/distribution channel, and others are more selective in the types of companies/products they license. Typically, institutions that are among the Top 50 selling institutions are more selective than institutions with emerging licensing programs or regional retail distribution.

Important Note: Several institutions have pre-existing exclusive agreements in certain product categories and distribution channels that preclude them from considering other vendors. Also, because of existing saturation in key categories (i.e., t-shirts, headwear, jerseys, and certain non-apparel categories), applicants for some categories will receive a higher level of scrutiny from CLC and the institutions in the application review process. If you wish to confirm the institutions and products for which you intend to apply are not impacted by existing agreements, please email your list of institutions and products to applications@clc.com. CLC will provide additional information on any exclusives that are currently in place based on the information provided in your request.

Typically, applicants that excel in a majority of the following criteria are more likely to be granted a license by the institutions:

1. Demonstrate a commitment and ability to invest in the collegiate segment of the market.
2. Provide proven production and distribution capabilities.
3. Employ dedicated staff to manage the day-to-day licensing process and supply chain compliance.
4. Offer a new or unique product or an incremental means of distribution.
5. Show a proven track record and sales history with other collegiate/professional/entertainment licensors.
6. Detail significant investments in retail, consumer, digital media and print media marketing efforts.
7. Maintain well-established track record as a successful business.
8. Provide established relationships with major collegiate retailers.
9. Demonstrate strong brand equity or leadership status in a product category.
10. Invest in internal infrastructure and systems to manage approval and royalty reporting processes.
11. Demonstrate commitment to responsible sourcing and production of products throughout the supply chain.



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AN IMG COMPANY

CERTIFICATION, TESTING, AND/OR LABELING REQUIREMENTS

Many products have certification, testing and/or labeling requirements in accordance with U.S. law. Licensees must comply with all applicable laws, regulations, standards, and procedures including the requirements of any regulatory agency, such as the United States Consumer Product Safety Commission (www.CPSC.gov), the Federal Trade Commission (www.ftc.gov), and the Food and Drug Administration (www.fda.gov).

The list of products below is not all-inclusive; however, it does highlight common products or types of products that require additional attention, including certification, testing and/or specific labeling. You should submit all test results, certifications, and/or product and packaging labels with your application where special requirements are mandated by the US government.

- Consumables, health and beauty products, and sunglasses must meet all FDA testing and labeling requirements.
- Electrical products must be UL approved and certified.
- All children's (children being those 12 years of age or under) products, including toys, games, apparel, accessories, footwear, etc., must include the proper manufacturing and warning labels.
- All children's products must be tested and certified for lead content and phthalates in accordance with the Consumer Products Safety Improvement Act of 2008. Such products must also be in compliance with the Federal Hazardous Substances Act and the Flammable Fabrics Act.

This is not intended to be a comprehensive list of requirements and regulations. Applicants and licensees are fully responsible for upholding the legal and governmental requirements/certifications for their respective products, as well tracking any changes and developments of all applicable requirements and regulations.

FINAL CONSIDERATIONS

It is imperative that applicants review their application responses prior to submission to ensure thoroughness and to strengthen their prospects for receiving approval from the respective institutions. If all required fields are not completed with the necessary information, CLC cannot process your application.

As a reminder, it is critical that your application include all relevant information in order for the institution(s) to make an informed decision. Many institutions do not permit reconsideration of application requests for a period of one year following institution disapproval.