



The Brand Equity Protection Company™

**For Immediate Release**

**S. G. Hart & Associates Provides Expert Analysis to The GREENSHEET.**

**Ridgefield, Conn., (October 28, 2004)** – S. G. Hart & Associates, LLC, The Brand Equity Protection Company™, was interviewed by Automotive Week *The GREENSHEET* to provide expert analysis on the subjects of counterfeiting and diversion, and how these key issues are effecting the automotive industry. For the article, misters Stanley G. Hart and Anthony Miano, President & CEO and Executive Partner respectively, spoke about these challenges and their associated risks.

“Counterfeiting automotive products is not only a worldwide problem (with a price tag of \$12 billion in losses, according to the Federal Trade Commission), but in the United States, losses are estimated to be at \$3 billion per year along with 210,000 jobs lost,” says Anthony Miano, an executive partner of S.G. Hart & Associates. Counterfeiting is more than just an economic drain on company resources; it’s also a matter of safety. Miano continued, “Counterfeiters are business people, even though they are in an illegal activity. They save money by using lower grade material and avoid required conformance compliance and performance testing” thus putting drivers at risk. “Identifying counterfeit or knock-off parts sourced from off shore locations that are commingled with genuine parts and shipped to the U.S. creates even more of a management challenge.” Auto parts most at risk to the counterfeit threat include maintenance items such as air filters, oil filters, belts, starters, fluids, bearings, and shock absorbers, to name a few.

Diversion was another subject discussed. According to Stanley G. Hart, President & CEO, “Price diversion, which is diverting price sensitive products to an unintended market channel that does not command the same price, is not illegal, but it could jeopardize contracts between the manufacturer and the distributor.” A potential diversionary rouse occurs when a supplier has excess inventory and peddles it to a different region or through an unauthorized channel. Hart made the point that, “For many companies, protecting themselves against diversion starts with unambiguous language in supply contracts that forbid suppliers from offering their products to unspecified market channels,” explained Hart. Lastly, Hart made the case that “Diversion is widespread. Safeguards against diversion are available through technology using hidden codes that can be put on products to trace them throughout the supply chain.”



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Government and industry must play a role, continued Hart. “The initiative has to be between government and the auto industry. In January 2002, the Big 3, GM, Ford and Daimler-Chrysler created an organization called the Global Industry Network to pool resources to defend against counterfeiting. Along with that, The Motor & Equipment Manufacturers Association (MEMA, [www.mema.org](http://www.mema.org)) is supporting the industry in its fight against counterfeiting as well. While positive steps are being taken, at the end of the day, the government has only a limited amount of resources. It is up to industry to help prevent the problem and to collect enough evidence for them to act. They need a paper trail. And they have to stop the demand,” concluded Hart.

### **About S. G. Hart & Associates, LLC**

S. G. Hart & Associates, The Brand Equity Protection Company™, is based in Ridgefield, Connecticut, USA. S. G. Hart & Associates is a supply chain security consulting company. S. G. Hart helps global firms realize their full brand equity potential by supporting them in the development and implementation of strategies that protect their global supply chains from disruptions caused by product diversion, counterfeiting, theft and product tampering.

### **About Automotive Week The GREENSHEET**

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#### **Media Contacts:**

Director, Public Relations  
S. G. Hart & Associates, LLC  
31 Bailey Avenue, Suite 5  
Ridgefield, Connecticut 06877 USA  
Tel: 203-438-4300  
Fax: 203-438-3222  
Email: [PR@sghartassociates.com](mailto:PR@sghartassociates.com)

Molinaro Communications, Inc.  
P.O. Box 355  
Munroe Falls, Ohio 44262-0355 USA

Tel: 330-688-4960  
Fax: 330-688-4908  
Email: [gary@auto-week.com](mailto:gary@auto-week.com)

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