



The Brand Equity Protection Company™

For Release

**S. G. Hart & Associates
A “Global Expert” According to Logistics Today.**

Ridgefield, Conn., (August 7, 2004) – S. G. Hart & Associates, LLC, The Brand Equity Protection Company™, in an exclusive interview with *Logistics Today* magazine discussed how protecting your supply chain from counterfeiting and diversion can protect profits. Excerpts from this interview with “global expert” Stanley G. Hart, President & CEO of S. G. Hart & Associates, have appeared as part of longer, more in-depth study of the risks associated with the extended supply chain in emerging nations. In this publication, Mr. Hart provides his experience and practical advice for protecting a firm’s brand equity from the negative effects of counterfeiting and diversion.

The article titled “How to protect your global supply chain” in *Logistics Today* explores “a number of factors that enter into the offshoring equation” and identifies four (4) risk factors that affect business managers, logisticians and extended supply chain professionals responsible for managing a global supply chain. The risks identified by the author include:

- Risk 1: Cost – common thread or common threat?
- Risk 2: It’s not your domestic supply chain
- Risk 3: Supply chain visibility – friend or foe?
- Risk 4: Control and protect your product and your brand

Stanley G. Hart adds caution to the offshoring equation by highlighting that once manufacturing moves beyond the physical reach of the brand owner, the need for greater visibility and supervision is required to protect the brand. According to Hart, “a [offshore] factory will shut down at 5 o’clock and then the lights come back on at 5:15. The counterfeit product produced on those same manufacturing lines won’t contain the same ingredients or match the quality of the legitimate product, yet it will compete in the same markets and cannibalize sales.”

When all the elements of the offshoring or outsourcing decision have been considered, moving manufacturing abroad can make financial sense both in the short and long terms. However, the brand owner who fails to consider a scenario that includes



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its valuable branded product becoming a target of the industrial counterfeiter or diverter may suffer the long term consequences. Chief among them is the loss of the brand's ability to guide a consumer's next purchasing decision.

Even when the proper controls and supervision are in place, vulnerabilities still exist for the brand owner when operating in emerging markets. Hart implies in the article that when working in new markets it is essential to develop relationships with distributors based on trust and fairness. Meeting with the key distributors and agreeing to terms and conditions early in the process helps to protect all involved. Hart provides an example where an unscrupulous distributor took advantage of the manufacturing company's procedures which allowed the distributor to enjoy a volume discount and receive a liberal credit for unsold merchandise from the manufacturer. "Counterfeit product can creep into this reverse channel as well, so all returns must be [validated and] authenticated", says Hart. The lesson here is to include the logistician as part of a brand equity protection program because, as the author explains, "logistics will know the legitimate channels, accurate volumes, authorized carriers, and any exceptions (like a change of carrier or ship-to address)."

The author concludes his article on these points. (1)Carefully consider all variables of the offshoring decision; (2)understand that adding offshore manufacturing points lengthens the supply chain and that the supply chain network must be flexible enough to adapt to this new environment; (3)good information and the right model are critical; (4)stretching supply lines can reduce control. Take the necessary steps to avoid competing with your own counterfeit or diverted product(s).

For a full text of "How to protect your global supply chain" by Editor Perry Trunick, please visit www.logisticstoday.com

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,

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counterfeiting, theft and product tampering. The focus of the Ridgefield, Connecticut based company is on the global brand owner with an unparalleled commitment to protect the integrity of their brands because no two brand strategies or supply chains are alike.

About Logistics Today

Logistics Today, a Penton publication based in Cleveland, serves individuals with job functions and buying influences in all modes of transportation, warehousing and distribution, site selection, regional and global logistics, and technology applications.

<http://www.logisticstoday.com>.

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