



*Defining a Global Brand Protection Program by an Effective
Corporate Strategy and Corresponding Infrastructure*

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Protecting one's brand in today's global market place is no longer a luxury to be considered; but rather a necessity for a corporation to ensure not only a level playing field in the stream of commerce but also to afford the corporation the ability to maximize market penetration realizing continued growth. Mature Brand Protection Programs are aligned with a company's business objectives and have a measureable impact on revenue growth. Regardless the industry, mature programs are defined by three overriding characteristics; each of which will be explored in detail in the following narrative.

A global strategy and infrastructure supported by operational pillars can only be successful when all program activity is blanketed by an ethical creed. This overarching commitment to ensure all program activity adheres to ethical and legal requirements is the base line for all mature programs. It is a commonality that clearly states the program and its participants, both internal and external to the corporation not only agree to adhere to an outlined or prescribed set of company "standards of conduct"; but also agree to follow US federal laws and regulatory requirements such as the Foreign Corrupt Practices Act as well as Sarbanes-Oxley Act (SOX) for publicly held companies. As mature programs are global in nature; they not only comply with US or respective anti-corruption laws but also adhere to the local laws within the countries they operate ensuring good corporate citizenship starts at the top and works its way down and out to the program's external participants as well.

Adherence to these ethical standards is non-negotiable and as such these standards should be clearly defined and communicated both internally and externally. Great care should be taken to receive in writing not only an acknowledgment of understanding but also a commitment by the program participants to act within these standards at all times and to also immediately report any deviation from the standards if witnessed. Because these programs engage governments at the judicial level; it's critical that the program and its participants remain above reproach always displaying the highest levels of integrity to promote trust and confidence during any judicial process. Nothing less would damage the program's credibility in the eyes of any judicial system; the program would cease to be effective and any breach in ethics or integrity would bring tremendous scrutiny and suspicion to any subsequent activity.

With a "moral" code in place; the program's structure and global alignment become the second most important characteristic of a mature operation. The first element to be defined is the program's global strategy. Defining this strategy and the ability to communicate it succinctly is the single most critical element in the program for it is the corner stone with which participants will build on their respective roles and functionalities with in the corresponding infrastructure. The

identified strategy must be aligned with the corporation's overall business objectives to ensure all program activity provides recognizable and measurable value to the business. Though brand protection programs have many elements with multiple disciplines playing vital roles; the mature program is first and foremost a business tool that can often provide a competitive advantage in the market place particularly when its goals and objectives are aligned with the corporation's business units.

Recognizable and measureable value can only be defined in one manner that is significant for most corporations; increased market share and increased revenue. When this metric can quantifiably demonstrate that program activity maximized market penetration quarter over quarter or year over year; the program value becomes undeniable as the return on investment is self evident. A measureable decline of illicit trade coupled with a rise in the company's market share and revenue growth; reinforces the program's strategy and direction.

Mature programs have clearly identified internal and external stakeholders and participants. Typically internal participants include individuals from the following disciplines: Marketing, Corporate Security, Legal, Packaging and Product Engineers, Government Affairs and Media Relations. Each plays a specific role and is often supported by external participants or partners which may include: investigative resources, outside counsel, product/packaging security solution (PSS) providers as well as Customs Agencies and local law enforcement. Each program participant must align their activities with the overall global strategy and though everyone's role is unique; all must fall under one central management scheme that affords the program unity of command. All mature programs have one individual that sets the tone and provides the direction to the participants ensuring global alignment and consistent messaging.

The third and final characteristic common to all mature brand protection program focuses on operational and tactical implementation of the global strategy. This implementation is best described by four distinct pillars: an Intelligence and Enforcement Pillar; a Metric Pillar; a Pillar focused on Barriers to Market Entry and finally a Training Pillar. No pillar can stand alone to be an effective program; mature programs regardless of industry or labels execute their strategy utilizing elements of these four pillars.

The Intelligence/Enforcement Pillar is the most notable as it is often the aspect of the program that receives the most media attention. Its focus is to remove illicit product from the market place thereby creating a vacuum in the market to be filled by genuine product. The process described

above is complex and requires the participation of professionals who have a “real-world” understanding of the intelligence life cycle and how the flow of information within the market place can be utilized to create opportunity.

Mature programs utilize outside consultants and/or investigative resources to help manage the intelligence life cycle; but ultimately direction comes from the corporation and those stakeholders within the corporation that are best suited to drive the activity. Corporate Security in conjunction with Corporate Legal provide the direction to external resources that in turn collect information in the market place. This information is ideally recorded and stored centrally and uniformly where relational analysis and qualify the information into actionable intelligence. The produced intelligence is disseminated to the appropriate program participants who decide on a course of action. This action typically follows one of two paths; the first path could require additional information and that case additional direction is provided to start the collection process again. The second path may lead to activity that has a more proactive impact on the market place which could be in the form of a criminal or civil raid action. Regardless the path taken relative to the actionable intelligence; mature programs realize this life cycle must be continuous to ensure a lasting impact on the market.

Diving deeper into this process; a mature program recognizes that the collection of information can come from a myriad of sources: sales force, channel, customs records, market intelligence, consumers and confidential sources. These programs have the resources both in people and technology that can actively capture these data points from the multitude of sources calling out links within these data points that highlight illicit manufacturing operations; illicit distributors or importers/exporters who consistently move illicit product. It is precisely this focus of the life-cycle that affords critical decision points that are timely and accurate which have the greatest impact on a market.

Mature programs utilize this process to locate, close with and remove significant quantities of illicit product from the market with a speed of action that out paces the speed of business.

The second pillar focuses on metrics; those metrics that not only define success, but also, those that can size the problem. Resource allocation is generally contingent on a corporation’s ability illicit trade, in particular to counterfeit product. Mature programs recognize any market research must be aligned with how the corporation measures its legitimate sales and market penetration. Though availability of illicit product and number of reported incidents provide insight into the problem;

business leaders find it anecdotal. However, if one's market research utilizes the same methodology for measuring genuine sale growth; business leaders extend the same credibility to that research.

Mature programs also realize the most reflective measure of success for any program lies in increased market share and revenue. These programs can consistently point to how their activity contributed to the company's growth in a given market. Though amount of seized product can be a good indicator of a program's success and is worth tracking; unless the program can translate that opportunity into increased sales, the company derives little benefit with no revenue or share impact.

The third pillar speaks to those aspects of the program that create barriers for a counterfeiter's ability to enter a particular market, barriers to entry. These barriers can be technological in nature as well as legal.

Trademark registration in both a country's registry and customs agency is a requirement; little to no protection can be afforded to an organization if this step is not executed promptly. However, these are not the only legal tools that can provide entry barriers. Contract language with third party contract manufacturers or channel partners which affords the corporation a right to audit with subsequent penalties for non-compliance can go a long way in policing the supply chain as well as the channel.

Technology associated with product design or packaging can be extremely useful in "hardening the target" raising the counterfeiters cost of doing business. Design and construction of the external packaging implementing covert features can help external investigators authenticate product; overt features on security labels can assist channel partners, customs officials and consumers with the ability to authenticate product. The key with product/package security solutions is to impact the monetization of illicit product at any consumer segment: Home, SMB and Enterprise and at the point of purchase. Once any of these consumer segments purchases a counterfeit product; the balance shifts to the counterfeit and the damage has been done. Effective technology should be designed or integrated into the product or packaging to foil these transactions. Lastly, any packaging solution which is implemented must be audited on a regular basis to ensure these genuine devices do not enter the illicit stream of commerce.

The fourth and final pillar revolves around the training and messaging aspect of the program. The first question to address is who to train. Mature programs have specific training curriculum for investigators, law enforcement, sales, and the channel as well outside counsel. All those mentioned are “force multipliers” that can extend a programs influence in the marketplace. Additionally, not everyone will be trained in everything. The second question to address is what to train. Certainly authentication tools should be imparted on external partners; however, varying degrees of information should be pushed out to each audience. Investigators should have a more clear understanding than the channel or law enforcement as they’ll act as product experts in the judicial process in the event illicit product is removed from the market. Does one reveal the “secret sauce”; not under any circumstance. Authentication tools are best layered to afford each audience a varying degree of understanding to safeguard what is truly the corporation’s intellectual property.

In addition to creating specific training materials and focusing on key participants the training pillar must also create an expectation of action; a call to arms. Messaging should accompany these training tools that builds not only awareness of the problem but also affords the audience a medium by which they can report suspicious activity. This activity will fuel part of the collection process in the intelligence life-cycle of the first pillar. Lastly, the messaging should continually strive to maximize brand awareness and the corporation’s commitment to protect consumer rights. Mature programs don’t engage media directly but rather afford local law enforcement the opportunity to champion successes. This is critical to strengthening ties to local prosecutors, customs agencies and the law enforcement community in general. The program down plays its participation pushing the judicial process out into the limelight and the consumer.

Mature programs impact their markets by operating with integrity adhering to all applicable laws and regulations as well as to the standards of conduct mandated by its organization. Mature programs have a well defined global strategy that can be communicated up, down and out in a concise and succinct manner. This strategy is supported by an appropriate infrastructure bringing together multiple disciplines that executes this strategy with an operational dynamic utilizing four pillars. These pillars create opportunity by removing illicit product from the market; they size the problem and define a relevant and meaning ROI; they provide market entry barriers making it more difficult for counterfeiters to commercialize their illicit product; and they train specific audiences to only the necessary information while creating an expectation of action on the part of said audience that will prevent the commercialization of illicit product and also trigger the audience to report suspicious activity.