

Gary Ahlert, a Stamford licensing agent and inventor in his own right, heads Creative Group Marketing, representing inventors in a variety of fields — toys, games, children's/juvenile/baby products, sports, health, beauty, dentistry.

No small matter

Inventing toys isn't child's play

BY NADIA LERNER
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An air of anticipation is building among thousands of optimistic toy manufacturers, importers, distributors, sales reps and licensing agents converging this week at the American International Toy Fair held at the Jacob K. Javits Convention Center in New York City. On their end, toy inventors worldwide are anxiously waiting in the wings.

Although their inventions cover the gamut from bath toys to board games, their entreaty likely goes something like this: May the Thingamajig I created from scratch and whose prototype I lovingly fashioned out of Whositswhatsits be snapped up by the Mega-Buck Toy Company to become the next Tickle Me Elmo or Cabbage Patch Kids doll.

Inventor Greg Ross of Fairview, Okla., has been hoping for a long time.

"We've been close to being licensed," says Ross, several of whose products will be coming up at this annually held granddaddy of all toy trade shows. And while he's not willing to discuss any of them for fear his ideas may be snatched up by others, he believes this might just be his lucky year.

"I haven't made a million yet, but I'm working towards it," confides Ross, whose main source of income comes from his job as a hospital plant engineer and as the owner of a martial arts studio. Meanwhile, his years of creativity have generated an enormity of products including water and bubble toys, dolls, toy-related electronic products and a line of fleece and flannel leisurewear. With some products he has dealt directly with small companies to get them licensed; deals with larger companies have been brokered through an agent. The object is to get a toy company interested. If so, the next step brings the inventor a step closer to success.

That comes in the form of a licensing agreement, says Gary Ahlert, a Stamford licensing agent and inventor in his own right, who has frequently represented Ross in trying to broker deals with larger toy compa-

nies. Ahlert heads Creative Group Marketing, representing inventors in a variety of fields — toys, games, children/juvenile/baby products, sports, health, beauty, dentistry — for nearly a dozen years.

"When you license a product, you are essentially leasing your rights to the product to a company and they in turn pay you a rent or royalty," says Ahlert, noting that 99 percent of the time, initial monetary returns come in the form of an advance, which is almost always nonrefundable and drawn against future royalties. The advance, he says, typically runs between \$10,000 to \$50,000, but could reach a couple of hundred thousand if the product is "extraordinary."

While Ross has frequently earned advances on his inventions, he admits he hasn't hit "the big time," when a company manufactures his product. But "we've been close," he says. "These companies are sometimes hot on an item, and then they grow cold. You can't really get discouraged. You have to keep pushing onward."

If a company does market a product, Ahlert says royalties average from 3 percent to 7 percent of the

wholesale cost of the item. Therefore, if an item sells for \$1, the inventor can expect to make 3 to 7 cents. On his end, Ahlert charges anywhere from 15 percent to 50 percent of monies earned by the inventor.

"We don't look at products that are going to sell 10,000 or 15,000 pieces," he says. "We are looking at products that we hope will sell in the millions."

Still, he notes, most inventors are shocked to learn that the amount they get is small in contrast to what they expect. "What they don't realize is that the cost involved in getting a product started can be hundreds of thousands of dollars up into the millions, depending on the item involved."

If the company ultimately backs away from the product, the inventor still pockets the advance and goes on from there to try to market the product with another company. Typically, says Ahlert, there is no specific time frame in which a company decides whether to market a product.

"There are no hard-and-fast rules," he notes. The last product licensed through his efforts had been shown to companies for more than 18 months; other products are licensed within a month or two.

"There are so many variables involved and no way to predict that," he says. "You don't have a lot of leverage unless you have a really hot product. Generally speaking, you are at the mercy of these companies. You have to allow them the time to do their own research and development. They have to cost out the item, which can be a very time-consuming process."

Also, he adds, moods change, as does the company's focus. "There are so many other factors involved as evidenced by Sept. 11," he says. "Suddenly, patriotic things became very hot. I wish I owned a flag company."

Annually, Ahlert receives about 70 to 100 products submitted by inventors. Of these, he accepts 10 percent to 15 percent, charging a fee of \$125 to "look at the products." The fee, he says, discourages "crazies" and helps defray some of his expenses. Of the items he agrees to represent, Ahlert says, "maybe half achieve a license. The percentage is really low. We have a lot of hills to climb before we get to that stage. Even when you license a product, there is no guarantee it will get on the market."

As for his favorites, Ahlert admits he gets "excited about ... toys in particular. There's a child in me," he says. Which turns out to be a good thing because decisions in the toy industry are made relatively quickly, as opposed to other products, such as medical items that take much longer if they're linked to medical claims.

Even with toys, the waiting is long enough. Navy pilot Brian Jordan, who's stationed at Tin-

ker Air Force Base in Oklahoma, submitted his first Air Bazooka prototype to Ahlert in late 1998. The toy, a device shaped like a big can that shoots out a puff of air, was recently licensed by a company called CYI, after a number of submissions to various companies and many incarnations. Ahlert hopes the toy will be shown as a sales item at next year's toy fair.

"One company wanted to make it smaller. Another company wanted to make it bigger," he observes, adding that the toy has appeal because it is not shaped like a gun, is safe and a fun item that can be used to "shoot targets" like toy men or to make the hair on people's heads stand up.

"The inventor is a very creative guy," he says of Jordan, who's been coming up with innovations since the age of 5.

But despite his fascination with Jordan's invention, Ahlert says: "You never know what's going to be liked one week and hated the next. CYI had originally turned down this product twice before, so had Hasbro and a number of other companies. Then they would take a re-look. The point is you never know. We constantly come back."

Another Ahlert client, inventor Jonathan Stein, is in that process right now. Stein, a Long Island, N.Y., set designer and builder for the movie and television industries, designed a product involving a sea creature, which he configured into a game.

"I can't get any more specific," says Stein, who is currently trying to have his invention relicensed after it had been licensed by a toy company that kept it on hold for about two years.

Outlining its history, Stein says the product took several months to develop and came about when he was designing a bureau for his son's room, adorned with a mural of sea creatures. Out of the mural, he took one of the creatures, sculpted a prototype out of plastic foam, took photos of it and submitted it to various sources, including Ahlert.

"He was one of the people who looked at it and said 'yes,'" recalls Stein, noting that he signed a contract with Ahlert to be the exclusive representative for the product. Approximately eight months later, the item was licensed by the toy company, which developed its own prototype based on Stein's model.

"We thought they were going ahead with it," says Stein. "They had it ready for a show, but then they decided they weren't going to pursue it."

Despite the disappointing turn of events, Stein hopes that the item will be licensed by another company. However, if the product isn't picked up or is, but is not successful in the marketplace, he says he's "ready to move on and keep trying. It would be an exception," he notes, "if the first product becomes a huge success."

And if that isn't enough to take the fun and games out of attempting to market one's toy, when you hear Ahlert talk about the secrecy, intrigue and deceit of the business, Babes in Toyland should be changed to Wolves in Toyland.

"There are a lot of prying eyes out there," he says, calling thievery "a major problem. Someone may see an idea, change it in some fashion and all of a sudden, it's out on the market." To prevent this from happening, Ahlert says when he introduces an item to toy manufacturers, it is shown very secretly in private meetings and "to the right people who can make decisions. It's very carefully documented and recorded. We don't want our ideas stolen."

As for knockoffs, where a successful item is duplicated by another company in a cheaper version, "it's impossible to stop that," says Ahlert, noting that many companies produce nothing but knockoffs. And because law suits usually take time and the costs are monumental, "It's really a tough battle to fight and a long one," he says.

However, not all in the business agree that rampant thievery goes on.

"There are a tremendous number of companies large and small who don't get to where they are by ripping people off," says Richard Levy, a longtime inventor and author on the subject of inventions, whose latest book "The Complete Idiot's Guide to Cashing in on Your Inventions" (Alpha Books, \$19.95) was recently published. "You have to always be careful who you do business with," he says. "The Hasbros and the Mattels don't stay in

business today by stealing. They just don't do it. Mistakes happen and they are rectified over time. But I don't believe that in a premeditated way, people are out there just stealing."

On the subject of knockoffs, he says "it's not a crime as long as you're not infringing on a patent or a trademark. It's fair game. I don't consider knockoffs stealing. It is what it is."

Still, when all's said and done, Ahlert wouldn't trade his job for any other. While he hasn't yet struck it rich on any product, he's brokered a number of licensing deals on items that have been successfully marketed. And there's always the possibility of a Trivial Pursuit in his future. "Those guys were turned down by every company in the United States, he says. "Nobody would take their product. They put the money together themselves, hired a publicist and with a lot of hard work, the rest is history. The product took off and now they have a wonderful deal with a major company where they are getting a huge royalty."

Just stay with it, he says. "You have to be tenacious and you have to believe."