
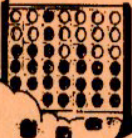


## RPM's First Inventor Interview.....

 **INTERPLAY, INC.**



 As we reported in our last issue, we feel that interviews with various inventors and designers who have been able to successfully license their creative development would be informative and helpful to our subscribers. We feel that through such interviews we can impart to our readers the strategies they have employed and how they have dealt with the problems encountered in the licensing process.

We are very pleased that Dr. Howard Wexler, President of Interplay, Inc., agreed to be the initial toy inventor to be interviewed for our publication.

Howard Wexler, of New York City, has been actively engaged in the product design and development of toy products since 1970 and, to date, has licensed over 100 of his inventions. His product design and development business is conducted through Interplay, Inc., a corporation of which he is the major shareholder. Dr. Wexler holds a Ph.D. in Psychology and has worked as a social worker, educator and psychologist. He develops about 50 items per year of which approximately 6 - 10 products are actually licensed.

Walking into the midtown offices of Interplay, Inc. on the East Side of Manhattan, I was greeted by a big smile and the firm hand shake of Dr. Wexler. Many of the toy prod-

ucts which Dr. Wexler has licensed over the years were on display, including the classic game *Connect Four* which was licensed in 1973 and is still being successfully marketed by Milton Bradley. During the next two hours, he candidly recounts his entry and early days in the toy industry and how he has been able to become successful in this extremely competitive and difficult profession.

### Interview

*RPM* - Dr. Wexler, could you give me some background as to how a Doctor of Psychology has become such a prominent and prolific inventor of toys and games?

*Dr. Wexler* - After having attained a Ph.D. in Psychology, I had to decide whether I should go into private practice. I had spent many years working in clinics and in schools with people who have emotional problems. I realized that in order to be the best psychologist that I could be, I would have to be thoroughly committed and devote a significant amount of my professional time to reading and learning about the new studies and preferred methods of treatment in this evolutionary field. I was not certain that I wanted to make this commitment. So here I was a Ph.D. in my early thirties questioning what I was going to do with my professional life. So, I decided to write a book about my life which is a good thing to do when you don't know what else to do.

During this period, I came upon an article that talked about the psychology of toys and I said to myself, "I am a psychologist and I have always liked toys and I have always thought of myself as somewhat creative so why don't I invent toys." It seemed so easy and obvious to me that I naively took off the

summer (around 1970) to start my career as an inventor of toys and games. I did not know the first thing about how to market my creative developments so I simply called up toy companies. Even in those days, I had the distinct advantage of being able to say that I was DOCTOR Wexler. I recognized the importance of my credentials and it certainly facilitated my ability to open up relationships with many of the leading toy manufacturers.

*RPM* - When you first approached these toy companies, did you find that they were receptive to evaluating your concepts?

*Dr. Wexler* - Yes, and that helped convince me that I was able to conceive and develop games and toys which would warrant serious consideration by the major marketers of toys in the world. But the funniest thing happened. I was so damn naive that I would watch television and if secret agents were the big thing, I did a secret agent game. Unfortunately, at that time, I did not realize that the toy companies were aware of the upcoming programming before it was aired on TV. So, I would come in and Ideal (or some other company) would say to me "You got the best spy game that will ever be on the market but we are already committed to this product category".

*RPM* - Do you recall what type of items you presented to toy companies during the early stages of your career?

*Dr. Wexler* - Initially, I developed games because they were relatively easy to conceive, required the least amount of capital investment and did not require any real overhead. Basically, all I needed was a pen and pencil.

Although most people reacted positively to my games, I heard all too often that I was simply too late. No one said that my items were bad, just "too late".

*RPM* - That must have been very frustrating. During this stage did you consider returning to the field of psychology?

*Dr. Wexler* - Of course, but someone had told me about a very dynamic man named Stan Weston [Mr. Weston is the Chief Executive Officer of Leisure Concepts, Inc. which is the licensing agent for many well known properties] and suggested that I should try to see him which I did. After reviewing my portfolio, Stan said "Kid, I think that you are terrific and I would be willing to sell your inventions for a 50% interest in the royalty income." At that time, I could not reconcile the fact that I was the creative genius and that this guy wanted to own 50% of my creativity. Well of course, when I see Stan (I know him through the years although we never did a deal together) I always recount that incident, which, in retrospect, was as good a deal as anybody would have been offered at that time.

*RPM* - When and to which toy manufacturer did you make your first sale?

*Dr. Wexler* - That same year, I sold Pressman Toys *Playhour Game*, *Black and Blue* and *Completion*. *Playhour Game*, which is no longer on the market, was a preschool game that didn't require the child to be able to read. *Black and Blue* was a psychological card game. *Completion* was a game about perception. These three games were the first items I sold and, as you can see, because of my training as an educator/psychologist, the subject matter or themes of these games were very natural to me.

**RPM** - Did these initial sales launch your career?

**Dr. Wexler** - No. After making these sales, I worked briefly for Pressman but their structure at that time did not include a place for the internal development of new products. I realized that if I were to succeed in this business I would have to learn how a big toy company operates including all aspects of its product selection and marketing. At that time, Hasbro had *Romper Room Nurseries* as well as a *Romper Room line of pre-school toys*. Since they were so involved in this age group I thought that my educational background and training could be an asset to them. I interviewed with Stephen Hassenfeld and I told him I knew nothing about the toy industry but that I was creative and at the same time I was a psychologist. As it turned out, I accepted a position with Hasbro in its marketing department which was a phenomenal opportunity because Hasbro was in the process of reorganization and looking to its marketing department for product direction. In those days, we were very product oriented and as a company we were really breaking new grounds. We were a young and aggressive group and doing very exciting product lines.

In Hasbro's marketing department, I had the opportunity to work with a very exceptional group of intelligent and highly motivated individuals which included Stephen Hassenfeld (now the Chairman of Hasbro), Paul Sullivan (now spending some of his time as an independent toy developer), Lowell Wilson (now a Vice President of The Ohio Art Company), Joe Highland (now a free-lance toy inventor) and Rick Behling (now in the advertising business). In this capacity, I had the opportunity to learn

all about manufacturing as well as how a large toy company markets its products. It was a phenomenal education for me during the two years that I was there. However, I was never really interested in how many pieces Sears or K-Mart was going to buy. My primary focus was still on inventing and I think that became clear to everybody.

**RPM** - What were your most memorable accomplishments while at Hasbro?

**Dr. Wexler** - While at Hasbro, I was responsible for inventing two lines which I am very proud of today - *Captain Kangaroo Wooden Toy Line* and *Your Baby*. The Captain Kangaroo line included 18 wooden toys for the mass market which had to be approved by Captain Kangaroo and accordingly, I worked closely with Bob Keeshan I was given the opportunity to go to Vermont to source out a plant to make this line.

But the real plum was *Your Baby* which was the first line of developmental baby toys. At that time, infant toys were not sold in the toy department. Moreover, neither Fisher Price nor Playskool really had any infant items in their product lines, they were primarily pre-school toys. As the pioneer of this concept, Hasbro had to convince the buyers to give shelf space in the toy department to baby toys. The fact that I had a Ph.D. in developmental psychology and was able to present the latest research in infant development (with the help of Brown University) played a major role in overcoming the initial buyer skepticism. Of course, the line was very carefully developed with products for each phase of the infant's development. We also included pamphlets for the parents which described the development of an infant and illustrated each toy in the line and described how they encouraged develop-

ment for each stage. The back of each toy package diagrammed the entire developmental baby line of toys and contained my personal endorsement as its creator and doctor of psychology. This was all a first for the toy industry.

The *Your Baby* line included some stuffed toys. I was concerned that the then traditional stuffing of little pieces of foam presented a danger to the child. So, I insisted on a one piece foam stuffing which, to my knowledge, was the first time this was ever done. I also designed a mobile which was the first of its kind to consider the infant's view. Today as I go through the various show rooms during Toy Fair, the demonstrators point out how the mobiles are made with the infant's point of view "in mind". I smile appreciatively.

**RPM** - What did you do when you left Hasbro?

**Dr. Wexler** - While at Hasbro I met Ned Strongin, who had presented some product to us. When I left Hasbro in 1973, Ned and I formed a partnership under the name Strongin & Wexler, of which I was the President. Although this partnership lasted just short of a year, one of the items I invented and sold during this time was *Connect Four*.

In 1976, I invented *Touche* which was licensed to Gabriel [which was subsequently acquired by CBS Toys]. I was broke and couldn't even afford the travel expenses associated with attempting to license the item. So I went to Ned Strongin who agreed to advance me \$5,000 for 50% interest in the game. After this was done, *Touche* was presented to Stan Clutton at Gabriel which licensed the item as its major new game introduction for that year and we expected that it

would generate big sales. Unfortunately, timing is always crucial and that was the year Milton Bradley came out with *Simon* which significantly cut into the sales of *Touche*.

**RPM** - As evidenced by your colorful brochure which depicts many of your inventions, you have become extremely successful in this extremely difficult and competitive business. What major changes have occurred in the licensing process?

**Dr. Wexler** - In early 1970, there was a boiler plate licensing contract that everybody seemed to use. Also, in those days, a hand shake meant much more than it means today. As a rule, negotiations were easier and manufacturers seemed to care more about the uniqueness of a product than they do today. Also, toy inventors today have to compete with major licensors such as Disney, Hallmark, American Greetings, movies, TV companies, etc., etc. Moreover, because so many toy companies have either been bought by other toy companies, or gone bankrupt, there are a great deal of people who held creative positions in these companies who now have joined the ranks of the inventing community. Therefore, there are presently hundreds of inventors and far fewer toy companies than there had been when I first started in this business.

**RPM** - Is your royalty rate always 5% of net sales?

**Dr. Wexler** - As a rule, I offer my inventions for the life of the product at a royalty rate of no less than 5% of sales and in some cases up to 8%.

**RPM** - What advice would you give to someone who wanted to get into this profession?

*Dr. Wexler* - I certainly would want anyone contemplating becoming a toy inventor to be aware of the nature of this business and to have some idea as to how difficult it is to sell an invention. Most people have no idea as to how tough it really is to sell a concept to a manufacturer, and are not prepared for the harsh realities of rejection and just how high that rejection rate really is. However, on the positive side it is one of the few professions where astronomical happenings can occur. There is always the chance that one can invent something which can bring almost instantaneous riches and fame. There are enough of these past and present examples which keep us "dreamers" dreaming.

Unfortunately, too few people really understand how infrequently these exceptional happenings really do occur.

*RPM* - What do you normally submit and do you perform any additional development work after the product has been accepted?

*Dr. Wexler* - I submit comprehensive prototypes to the manufacturers and I am often involved in the further development of my items. Today, many manufacturers desire a more finished item. I usually provide a working prototype and package comp. I rarely perform any real market research insofar as I usually go with my gut feeling. On some occasions, the manufacturer actually informs me as to the products which it would like me to develop for them.

*RPM* - How hard is it to license a product to one of the "majors"?

*Dr. Wexler* - Today, there exists a disproportionate balance between success and

failure in selling a product to a major toy company. There are just too few toy companies and too many outside factions pitching to sell to the "toy company". These outside forces are no longer selling the conventional invention as we knew it to be but instead the invention has become "the property", "the TV show", "the movie star", "the food chain", "the new personality/celebrity", etc. It's marketing, advertising, knocking off an old toy line, or a classic toy, or selling it cheaper, etc., etc. It's big business in the sense that the bottom line seems to rule over product innovation, or the breaking of new ground as we did at Hasbro in the early 70's. What really disturbs me personally is that there is no sense of loyalty or special consideration or recognition of the contributions some of us designers have made through the decades in which we have been an essential part of the toy industry. When an executive of a major toy company casually jokes about the fact that there are some toy inventors that he sees, of whom he hasn't bought a toy from in 18 years; I think there is something desperately wrong here. There are just too many superfine toy inventors with superfine inventions finding it impossible to sell to a major toy company. There are also some very serious problems regarding the working relationship and attitudes between inventors and toy companies, and much of the problem is not fully realized by the presidents and CEOs of these companies. However, lets save that for some other time.

*RPM* - Do you sign the manufacturer's form of Disclosure Agreements and/or Idea Submission Agreements as a precondition of submitting your products?

*Dr. Wexler* - I am afraid that my response here is going to be irresponsible in

that in all cases where I am asked to sign one of these forms I do it blanketly and blindly. I do so only because I have dealt with these people for such a long period of time that I am convinced that they will be honest in their dealings with me. In the 18 years that I have personally been in business, I have never had a bad experience involving disclosures and/or submissions. I personally have always felt that if a company desired to do business with me they would have to treat me with the kind of respect that is both courteous and civilized.

*RPM* - One final question - Do you ever conduct royalty examinations of your licensees to verify the accuracy of the royalty reports and payments submitted to you? If so, has there been any adverse impact on your ability to deal with these licensees as a result of such examinations?

*Dr. Wexler* - As you know, Interplay has retained your affiliate, Royalty Control Group Corporation, to conduct several examinations on its behalf. These examinations have proved to be effective and have had no negative impact on Interplay's ability to license its products.

*RPM* - We want to take this opportunity to thank you for this interview. We wish you continued success.

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**Product Safety and Quality Standards**  
**Part II**

In our last issue, we addressed the mandatory Federal standards outlined in

Title 16 of the Code of Federal Regulations with respect to toy products and the role that the Consumer Product Safety Commission (hereinafter referred to as the "CSPC") plays to insure that the toys that our children play with are safe.

We had the opportunity to interview Brian J. Brophy, an Account Manager with United States Testing Company, regarding the role of testing in product development and manufacturing. United States Testing Company is a member of the SGS Group (Society of General Surveillance) which has more than 400 offices and 130 laboratories in 140 countries and has over 22,000 employees. During fiscal 1988 revenues exceeded \$1 Billion which reflects that product testing is big business.

Mr. Brophy pointed out that Operation Toyland which was started by the CSPC as a pilot program three (3) years ago has been expanded to include the survey of products arriving at ports of entry in the United States on a regular basis. Moreover, the CSPC has recently asked the Office of Management and Budget for approval to visit 125 toy companies (presently unidentified) to conduct a survey and investigation as to compliance with the small parts standards for children under three (3) years of age.

He pointed out that prototype samples should always be tested in order to limit as many potential hazards as possible. However, even if the prototype passes all of the voluntary and mandatory standards for a toy, it is the production unit which must comply with such standards. He also noted that when an item fails a test, the testing company will merely state that the item does