

POTENTIAL FAQs ABOUT SDC/NSGA/HDA BUSINESS COLLABORATION

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1. How do I apply and where can I find an application?

You can apply online at the HDA webpage of the NSGA website.

2. How long does the application/acceptance process usually take?

It varies depending on the length of time it can take SDC to review all the different criteria.

3. How will I be screened for admission?

Your application will be screened by SDC and selection criteria may include credit rating, sales volume (minimum of \$200,000 in annual wholesale hockey purchases required), proximity to existing members and meeting certain store standards.

4. Who makes the final decision on whether I am accepted or not?

SDC will carefully consider the application materials and make a final decision regarding participation.

5. If my application is not accepted, can I find out why it was not? Can I reapply for acceptance, what are the steps I would need to take and how long would I have to wait to do so?

Yes, you may find out why you were not accepted. You can reapply; you need to make sure you are meeting the SDC selection criteria and you can reapply at any time.

6. If I am accepted, how do I know my territory will be protected? How are territorial rights determined?

Each equipment manufacturer/supplier determines how and where products are distributed. Membership is granted based on trading areas, and therefore there will not be two stores in the same small market (usually defined as minimum 40,000 people).

7. If I have questions, who can I turn to for support? How accessible is SDC or someone affiliated with the program to answer questions?

You can go to SDC and/or NSGA and HDA for answers to your questions and support. People affiliated with the program are usually available during normal business hours.

8. Can I still place orders through my current reps?

This is a question to be answered by the vendors. In most cases, your rep relationships will remain the same.

9. Are there minimum orders required?

No – minimums will be determined by the vendors (i.e. minimum size runs for any given model). Certain SMUs will require minimums of the entire SDC/NSGA group to ensure it goes to market.

10. Will distribution of products under this agreement still fall under similar distribution channels?

It will. SMUs will be offered to all HDA/NSGA members that currently distribute that brand's products. Distribution of the balance of a given brand's portfolio will be at the vendor's discretion.

11. Which brands will be available to me?

The vendors will make the ultimate determination. SDC will seek to secure agreements with hockey companies, including but not limited to, Bauer, CCM/Reebok, Easton and Warrior, but vendor agreements do not automatically guarantee access to a product.

12. What are the tangible benefits that I will receive if I become a part of this? Can you project how much this will help me financially?

You will receive access to better product pricing and SMU's (special makeups) that you would not get elsewhere. We will not be able to make a specific financial projection on how much it will help you.

13. Talk me through the overall process that I will need to go through to become a part of this.

You will need to start by filling out an application which SDC will review. If you are accepted, you will be required to become an NSGA/HDA member in order to participate in the program.

14. Can I use this collaboration to order more than just hockey equipment, or is it hockey only?

It is just hockey at this time.

15. Are there any additional costs/fees/annual dues that will be required to be paid by the dealers when the contract is signed?

The costs to the members are recovered through a portion of the rebate we earn from the vendors. There are no additional costs to the members other than the cost to attend the SDC Hockey Buying Show – which is currently estimated at \$965 CDN per member (two attendees per member). These costs can be recovered either through direct payment by the NSGA/HDA members who attend, further rebate retention or an upfront administration fee, which is to be administered at the choice of NSGA/HDA. If you do not wish to attend the SDC show and would still like to receive the pricing catalogs and product information, a nominal fee (currently \$110) to cover direct expenses will be charged.

16. What are the benefits of attending the SDC show?

Although attendance at the SDC Hockey Buying Show is not mandatory, it provides significant opportunities for “show specials,” which if they are taken advantage of can offset attendance costs in whole or in part.

17. Does taking part in this agreement prevent me from membership in another buying group?

Membership in the HDA/SDC collaboration does not automatically prevent you from being a member in a buying group which also has a hockey program. SDC will review this situation on a case-by-case basis. If you are a member of another buying group that does not offer benefits in the hockey category then there is no conflict.

18. Along with SMUs, will I still have access to other product price discounts?

Yes, you will be entitled to all the discounts that we are able to negotiate on your behalf. As an example, in Canada, there is special net pricing on all items in the 'recommended program.' We would be looking to replicate this exact program and achieve best nets on those same items for the NSGA/HDA/SDC collaboration members.

19. Will I receive warnings regarding potential contract violation issues or non-compliance?

Yes, SDC will inform you if these situations arise.

20. Will I need to get SDC approval for any marketing plans I may use or have?

All marketing activities related to SMUs must be approved by SDC. All other marketing is done by the dealer.

21. Are there any best practices available from other SDC members regarding a collaboration such as this? Do you have contact information for SDC members so I can learn more about how this has worked for them?

This kind of collaboration is unique to the sporting goods industry, and may well be unique in the business world. That said, we will have some best practices available for you to succeed with your involvement in this collaboration and will share group learning with each participating member. We can set you up with the opportunity to contact certain members of SDC to learn more about how a collaboration such as this works.

22. Can I sell products on-line?

Under certain limited circumstances, however, you cannot sell or advertise the price of any SMUs (special makeups) over any global computer network (or the Internet) or from any website. You may only sell SMUs to customers who visit a dealer's store in the United States. Access to SMUs is a critical component to how SDC adds value to the independent dealer and that business proposition will be carefully guarded and preserved.

23. How will warranty issues with products purchased through SDC be handled?

All warranties, SMU or otherwise, are done directly with the manufacturer.

24. I'm assuming that entering into this won't automatically allow me to purchase lines I currently do not carry. If I am currently not a dealer of a certain manufacturer, but SDC has special pricing for that manufacturer, would I have access to their products?

Distribution is determined by the vendor, so if you do not have access to a certain manufacturer, you may not gain access as a result of being a member of this group.