

## Oakley

### Never stop innovating

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JIM JANNARD WAS MEANT TO FOLLOW THE FAMILY TRADITION AND become a pharmacist. Instead, he created a billion-dollar company named after one of his dogs, Oakley. Oakley is now one of the biggest eyewear brands in the world, sold in seventy countries, and it employs 2,100. Oakleys are worn by soldiers, athletes, tough guys, and plenty of soft middle-aged ones (hence the huge sales figures). The company is now valued at \$1 billion. It produces eyewear, shoes, accessories, clothing, and sports equipment.

Oakley takes the business of sunglasses very seriously. The hub of the company is the 500,000-square-foot, \$40 million, fortress-like headquarters in Foothill Ranch, California, which *Fast Company* magazine likens to a bomb shelter. The reception area includes B-52 bomber ejector seats and a life-sized torpedo. The interior perfectly reflects the siege mentality of the brand: mess with us, steal our designs, dampen our sales, and we'll use everything we've got to take you on. Company advertising refers to sunglasses as "optical armor." The *Los Angeles Times* describes the company's sunglasses pitch as "a gated community for the eyes." Oakley has created sunglasses with bulletproof lenses, others worn by U.S. troops in Iraq offer laser protection, other frames come with eight different lenses for use in differing light conditions, and some frames are made from the same titanium as fighter aircraft.

Jannard, who still owns 63 percent of the company, is a secretive, elusive billionaire. He likes to play up his mad scientist persona and once turned up to a store opening wearing a gas mask. He is rarely photographed. This protective style extends to the patented

designs of Oakley sunglasses. The company has sued major competitors Nike and Luxottica for allegedly stealing their designs.

Born in 1950, Jannard grew up in a family of pharmacists. Friends recall how he loved playing out Trojan war games and, with his fierce competitive streak, was fascinated with the aerodynamics of Frisbees. He studied hard so he could always beat his opponents with bizarre twists and turns of his Frisbee throws (a strategy he continues to use in business today).

Jannard dropped out of college, bummed around on his motorcycle for a time, and then began selling car and motorcycle parts in his home state of California. With a keen interest in motocross, Jannard, who always loved to invent things, came up with a motocross handlebar grip in 1975 that was perfectly shaped to fit the hand. Jannard's grip was four times more expensive than the plastic varieties available, but it was made of a tactile, flexible molding that was much more effective for the riders. Jannard would give these new grips to top riders to try out at races. They were well received, but the world-at-large did not notice Jannard's new product as riders' hands covered them as they raced. Jannard set his sights on an invention that would give his designs better exposure, in 1980 coming up with a pair of goggles with his "O" Oakley symbol prominently displayed. In 1984, he released the first Oakley sunglasses, with the signature wraparound look to fit the contours of the eyes.

Jannard had picked the perfect time to take on the sunglass market. In the 1980s, eyewear was becoming a serious growth area, with the market for \$30-plus sunglasses just emerging, influenced by Tom Cruise's Ray Ban-wearing dance in *Risky Business* and *The Blues Brothers*.

Rather than courting movie stars, Oakley targeted cutting-edge athletes to promote his eyewear, realizing that this type of sponsorship was critical to build sales. Athletes including Michael Jordan (who sat on the board of the company for a period) and Lance Armstrong would become Oakley's stellar ambassadors.

Oakley sunglasses have continued to evolve. At the company headquarters, design teams spend months, even years, developing new eyewear technology. In addition to research and development, the headquarters also houses much of the company's manufacturing facilities (although footwear is now made in South Korea, after an expensive, disastrous attempt to produce shoes in the United States). Jannard has orchestrated the company so that there is a fast turnaround of each design once it has been perfected.

The company has always had to ride through peaks and troughs due to such variables as bad weather (fewer pairs of sunglasses sell when it is cloudy), economic slowdown, or a season of lackluster new products. In 1995, the company went public. Four years later, Jannard stepped down as chief executive, giving the top job to a former Gatorade executive, William Schmidt, who lasted less than six months in the role before Jannard came back to the helm. The company has survived board and senior executive reshuffles, downsizing, fights with key distributors, growth spurts, profit downgrades, and lawsuits, but sales are currently strong.

"In Oakley's twenty-seven-year history, I've learned that the best way to manage a company through difficult economic periods is to focus on the things we do best and position ourselves for the eventual recovery," said Jannard in 2002. His return to the top post has coincided with record sales for the company and the introduction of the world's first sunglasses with MP3 playing capabilities (Oakley Thump) and Oakley RazrWire sunglasses, which in conjunction with Motorola, feature a receiver with Bluetooth technology allowing the wearer to make cell-phone calls within close proximity to their mobile phone. But is Oakley too reliant on Jannard, who owns such a large slab of the company? After stepping down once to spend more time fishing on San Juan Island off Washington State, only to return to resume control, it is unlikely Jannard will be giving up his fight in the near future.

## NOTES

“In Oakley’s twenty-seven . . .” *Business Wire*, “Oakley Achieves Record Fourth Quarter and Full Year Sales in 2002,” 2.12.03.

## REFERENCES

*BusinessWeek*, *CBS Market Watch*, *Fast Company*, *FD Wire*, *Los Angeles Times*, *Newsweek*, *New York Times*, *Oakley.com*, *Orange County Register*, *San Francisco Chronicle*, *Seattle Weekly*, *Sunday Times*, *Vancouver Sun*, *Weekend Australian*, *Women’s Wear Daily*

# Revlon

No one said the beauty business  
was a pretty place to work

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CHARLES REVSON, THE MAN CREDITED WITH DESCRIBING HIS trade as selling “hope in a jar,” was the thorn in the side of Helena Rubinstein and Elizabeth Arden, the two pioneers of the modern-day beauty business: an industry today worth an excess of \$10 billion. Before young Revson came along, these glamorous entrepreneurs reigned supreme with their beauty creams and salon treatments, but the Revlon brand changed the beauty landscape forever, adding new levels of sophistication to product development, marketing, advertising, and all-important brand strategy. Charles Revson, whom Rubinstein referred to as “that nail man,” was a master at selling the beauty myth to women around the world and selling inexpensive-to-produce products at huge mark-ups.

In 1932, Revson was twenty-five years old, with a canny eye for color and a background in sales for a fabric and a manicure product company. He wanted to run his own business, and, at possibly the worst time in the twentieth century, Revson had the nerve to