

**THE TIMES OF MY LIFE**  
AN AUTOBIOGRAPHY BY  
**JACK HEUER**

HONORARY CHAIRMAN  
TAG HEUER



To Leonarda

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Foreword by Jean-Christophe Babin

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## Foreword

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When Jack Heuer was completing his autobiography in the summer of 2013, he invited me to write a foreword, saying that he would be very honoured and pleased by such a gesture. As I pick up my pen to introduce this story of an extraordinary man who is not only one of the last living legends in Swiss watchmaking but who over the past 12 years has also been my “spiritual father” in the industry, I must state that the honour and pleasure are entirely mine.

Jack Heuer is the great-grandson of Edouard Heuer who, in 1860, founded a small watchmaking workshop in Saint-Imier which he named Ed. Heuer & Co. One hundred and fifty-three years later, Jack – now in his 81<sup>st</sup> year – is retiring as Honorary Chairman of TAG Heuer, one of the most reputable and innovative Swiss manufacturers of luxury watches in the 21<sup>st</sup> century. Jack has been the last member of the founding family active in the industry. He not only personifies the company but is also its leading ambassador. Above all, he has been the inspiration behind its development of technical and aesthetic masterpieces, thanks to his forward thinking and pioneering spirit, which would be the envy of many a young entrepreneur.

During his youth, Jack witnessed the impact of the Second World War on the family chronograph and stopwatch business, which was run at the time by his father and uncle. When the war ended, he understood that there had been a shift in the centre of gravity of world power with the emergence of the United States as a political and economic superpower. In 1957 he graduated as an electrical engineer mastering in production and management from the prestigious Federal Institute of Technology in Zurich, fully

equipped to examine the family business from a perspective which was more open, rational, systematic and academically rigorous than that of traditional watchmakers.

Although Jack had initially set his sights on a career with one of the large US management consultancies, he agreed to join the family company on a trial basis in January 1958. A year later, together with his uncle, he established Heuer's first foreign subsidiary in New York.

Jack was a front-runner in that he was quick to embrace America's superior expertise in marketing, a science then unknown to Europeans. He also ventured into Hollywood to market his company's "Film-Master" stopwatches. This allowed him to establish contact with several producers and actors in the 1960s. By getting Heuer timepieces on the wrists of many Hollywood stars he became a pioneer in product placement. His greatest coup here was getting a Heuer "Monaco" chronograph on the wrist of Steve McQueen during the filming of "Le Mans" in 1970.

In 1961, aged only 28, he became Heuer's majority shareholder and launched a string of innovative measures to prepare the company for the future. In 1963, influenced by modern architecture and avant-garde design, and committed to elegance and the legibility of dials, Jack created the iconic "Carrera" chronograph which, 50 years later, is acknowledged by watch aficionados and collectors as one of the top ten iconic Swiss timekeeping masterpieces of all time.

Jack's love of motor sports and his obsession with mastering measurements of tiny fractions of time prompted him to develop the world's first portable timing system which could measure  $1/1,000^{\text{ths}}$  of a second. This

in turn opened the door for him to the unique world of Formula One motor racing, starting in 1971 with Enzo Ferrari and his *Scuderia*. By persuading Enzo Ferrari to feature a large Heuer logo on the cockpit of his Formula One cars, Jack laid the foundations for the globalisation of the Heuer brand, a move boosted by the dramatic rise in television audiences for Formula One racing in the 1970s.

Jack's know-how in electronics and his unrelenting quest for the ultimate in precision did not prevent him from making parallel innovations in the design and manufacture of traditional mechanical chronographs. In 1967 he pooled resources with a competitor and in March 1969 they unveiled the world's first self-winding mechanical chronograph.

When the watchmaking crisis struck in the mid-1970s, Jack fought fiercely to protect his company. He daringly changed business models in 1979 with the launch of the Heuer "1000" series, the first professional sports watches designed specifically for diving and today named the "Aquaracer" series. Over the following 25 years this series and its variations were to become the backbone of the company and helped turn it into one of the largest Swiss luxury watchmaking companies existing at the beginning of the 21<sup>st</sup> century.

In 1982, a string of unfortunate developments forced Jack to give up control of his company. He recounts the traumatic events of that time with great frankness and honesty. I'm sure he could never have imagined then that within 20 years he would re-enter the industry as Honorary Chairman of TAG Heuer and actively participate in one of the Swiss watch industry's most remarkable success stories of the past decade. TAG Heuer went on to win no fewer than eight Geneva Watchmaking Grand Prix, including the "Golden

Hand” in 2012. Behind this success were breakthrough innovations allowing the tiniest fractions of time to be measured and displayed mechanically, innovations largely driven by Jack’s know-how, vision and inspiration.

I have mentioned just a few key moments in Jack’s life and I am thrilled that the full fascinating story – which in effect is a history of the Swiss watch industry since the middle of the last century – is now available for a wider readership.

Finally, I would like to say that I have worked with Jack for 12 years and often refer to him as my “spiritual father” because of the knowledge, guidance, wisdom, experience and advice that he has generously imparted to me. Without him TAG Heuer would not be the successful and outstanding company that it is today. I am proud that on more than one occasion Jack has said he considers me to be the fifth generation of the Heuer saga. Jack is truly one of the last living legends in Swiss watchmaking.

**Jean-Christophe Babin**

President & CEO, TAG Heuer [2000–2013]





## Preface

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*The Times of My Life* tells the story of my life following a request from TAG Heuer and suggestions to do so from family, friends, journalists and colleagues in the watchmaking industry. When I sat down to write I was conscious that the finished result might be picked up by a wide range of readers and I have tried to satisfy the interests of various constituencies. You may, for example, be a TAG Heuer customer or one of the many dedicated Heuer watch aficionados and collectors. For you this book tells the story of the Heuer company from the middle of the 20th century, in particular the development of its chronographs, the background to the innovations and the unfolding of the brand. I trust my story will impart to you the essence of what our watches stand for.

You may, on the other hand, be someone drawn to autobiographies of entrepreneurial leaders to learn about their experiences, the things that make them tick, the background to the decisions they made and – perhaps the most important human factor of all in business – how they handled setbacks. Although I was born into an entrepreneurial family I had to learn on the job and often called on family, colleagues and friends for advice and support along the way. I hope through my stories and anecdotes to pass on a small baton of experience which will be of use to a younger generation of entrepreneurs in the relay race of business life.

While writing I also had my fellow players in the Swiss watch industry in mind and have tried to produce a useful reminder and record of the crisis we all went through and the lessons we can collectively learn.

Members of my family shared not only the joy of the highs of my professional career, but also the anguish of the lows. With regard to the latter, I hope this book provides some comfort by giving an account of events as I believe they actually happened. My professional life was certainly not one unbroken stream of successes. I made mistakes and took decisions which in retrospect turned out to have been wrong and I have tried to give as honest an account of these as I can.

I owe debts of gratitude to many people who helped and supported me with the project of writing my autobiography. I am extremely grateful to Jean-Christophe Babin, the President and CEO of TAG Heuer, for suggesting – indeed requesting – that I write this book and for all the encouragement and recognition he has given me, most importantly by inviting me back into the company in 2001 at the ripe age of 68!

I also wish to thank Françoise Bezzola and Marie Ansel who look after TAG Heuer's corporate communications for helping to turn the original idea for my book into a physical reality.

Former employees and colleagues gave me much assistance in checking dates and facts. In particular I would like to thank Roger Bönzli, Jean Campiche, Neil Duckworth, Ronnie von Gunten, John Hubacher, Gerd-Rüdiger Lang, Dr. Marc Prestel, François Prinz, Jean-Jacques Racine and Hans Schrag.

I was asked to write this book in English and was fortunate to meet James O.H. Nason, a British journalist living in Bern. I am most grateful to him for polishing my English, structuring the material, checking dates and facts and translating from German and French where necessary.

I would also like to express my gratitude to my three children – Fiona, Christoph and Manuel. All three proofread each chapter and made many valuable comments and suggestions. One important motive for me to write this book was to enable my children and grandchildren to learn a bit more about their family history.

Sadly, my sister Irène did not live long enough to see this book. She passed away in the autumn of 2012 shortly before her 83<sup>rd</sup> birthday. She fully supported the fact that I was going to write my autobiography and she enthusiastically read and corrected my early drafts covering the years of our childhood in Bienne.

I also wish to thank all my friends who stood by me during the difficult years of my company's crisis in 1982 and who helped me re-launch my professional life at the age of 50. Those were very challenging times and I will never forget my true friends who were always there for me and my family.

Finally, my biggest “thank you” goes to my dear wife Leonarda, to whom this book is dedicated. Leonarda was a great support during the difficult years of my professional life and she remains a constant source of inspiration and strength. She hardly complained when, over a period of six months, I regularly disappeared for hours into my little home office to research and write this book. Her final comment, however, was, “I’m so glad I never married a writer!”

**Jack Heuer**

Bern, Autumn 2013

## **Chapter I: Childhood, Youth and Education | 1932 – 1957**

Family background — Early childhood — The war years, school and skiing —  
My first contribution to watchmaking — Choosing a career — Military service  
— Discovering post-war Europe — Student days — Discovering the United  
States — Joining the family business

### Family background

My memories from my earliest years of life consist of fragmentary images, impressions and sounds, but a good place to start my story would probably be with the wedding of my parents in Bienne on 30 July 1928. My father, Charles-Edouard Heuer, was then 32 years old and his young half-Scottish, half-Swiss wife, Mignon Henderson, was only 20. As a young girl, Mignon often came to Switzerland with her mother to visit her grandparents who lived in Bienne and who in turn knew the Heuer family. Mignon's father, a Scottish mining engineer by the name of William Hope Henderson, had met his Swiss wife – my maternal grandmother Elsa Haag – while completing a doctorate in geology at the University of Bern in the early 1900s. William Hope Henderson's father had in turn been a typical Victorian entrepreneur with business interests all over the world. Mignon herself was born in Johannesburg, South Africa, on 15 January 1908 and was later sent to Roedean School in England.

1928 was still a boom year and business in the Heuer family watchmaking company was going well. My father, being a good army cavalry officer and experienced *concours hippique* rider, gave my mother a thoroughbred horse named Lux for her wedding present and even this horse received some champagne at the wedding reception which was held in the garden of the family residence in the centre of Bienne. The newlyweds decided to build a home on the family estate which covered several thousand square metres. It included gardens, stables, greenhouses, potting sheds, a laundry house and garages and had come down from my paternal grandmother's side of the family. The main residential building was the original villa called "Bel Air" where both my father and his younger brother (my Uncle Hubert)

had been brought up. My parents asked a Bernese architect friend of theirs by the name of Rudolf von Sinner to design their new home. The architectural drawings looked beautiful and construction began at once on the site of some former greenhouses on the grounds. This new house received the name “Bagatelle” because it ended up costing far more than my parents had anticipated. This became a perennial family joke.

On 15 November 1929, some 16 months after my parents’ wedding, my sister Irène Louise was born. By then the Wall Street Crash had occurred and the economic and financial shockwaves were being felt around the world, including in Switzerland. Both my father and his brother Hubert held quite a lot of securities and suffered severe financial losses. Nevertheless, in spite of this difficult economic environment, I was somehow created and came into the world on 19 November 1932. For reasons of which I am not quite sure I was not born in Bienne but in the Salem Hospital in Bern.

I was baptised Jack William Edouard Heuer. “Jack” because my mother’s favourite Scottish cousin was known as “Uncle Jack”. He lived in South Africa and I never met him. In addition, my father preferred a simple, one-syllabic name and “Jack” fitted the bill perfectly. “William” was in honour of William Hope Henderson, my maternal grandfather, and “Edouard” was in honour of my great-grandfather Edouard Heuer who founded the Heuer watch company in Saint-Imier in 1860. I was the fourth generation and there had to be an “Edouard” in there somewhere. My father was absolutely delighted to have a son who could carry on the family name and there is no doubt that I was the favourite child and received special status, something my sister was to resent all her life. At the time I was born the new house in Bienne was ready so I was whisked straight into “Bagatelle”.

## Early childhood

My earliest childhood memories are from the summer of 1935 when my mother took my sister and me on a night train to Calais and then on a ferry to England to join the Scottish members of our family who were gathering for a reunion on the south coast of England. I can still remember sitting on a beach and staring at this huge expanse of water in front of me, but otherwise my memories of this trip are very dim. My sister used to tell me that on the train to Calais I sat up all night with my white gloves on and refused to lie down and sleep.

I had a very happy and privileged childhood. We had a cocker spaniel called Sunny and I remember I was sent to a nearby French-speaking kindergarten where I had to learn French. We also had a French-speaking maid at home. By then I was already speaking some English because my mother always spoke to me in English, and I was well into Swiss German as my father always spoke to me in this dialect. The foundations of my ability to function equally comfortably in three languages were thus laid at this very early stage.

I have vivid memories of an idyllic childhood in the years before the outbreak of the Second World War. We would go to horse races at Saignelégier in the Jura – horses were to play a big role in my childhood – and every summer we used to rent a small piece of land from a farmer at Sutz on the southern shore of the Lake of Bienna where we would go for picnics and to swim. And of course at “Bagatelle” I had a large garden to run around in.

And then a new world was opened for me. My parents were convinced it

was not healthy for children to spend the winter months in the city. Bienne is often under fog because of its proximity to the lake and there was always the lurking danger of tuberculosis. My maternal grandfather, William Hope Henderson, had died of the disease. So every winter we started spending about a month up in the mountains. At first I was in a children's home in Zweisimmen in the Bernese Oberland – I think that was in 1937 – and later on in the “Chalet Flora” school in Gstaad where children would go before entering the “Le Rosey” boarding school. I had learnt to ski when I was about three or four – both my parents were skiers – and in that children's home I found I was better at skiing than the foreign children who were there. I was therefore allowed to ski with the older children and that helped improve my skiing even further. In later years we would spend New Year's Eve in the mountains and we would also go to Villars and Wengen where I would use every opportunity to get out on skis.

My father was a real outdoors man who loved nature and fresh air. Amongst other things he was an enthusiastic mushroom gatherer and he used to take me into the woods near Lyss every spring to look for morels. In the autumn we would go higher up into the Jura to search for boletus mushrooms. He was also a passionate genealogist and continued the work of my grandfather Charles-Auguste Heuer who had started researching our family history.

The Heuer family name can be traced back to the 15<sup>th</sup> century and, geographically, to the lake district around Bienne known as the “Seeland”. The early Heuers were serfs of the Count of Nidau – Nidau is a small town now part of the Bienne urban agglomeration – until the family, together with 400 other families, received their freedom from the Count in 1492. They then

## Chapter I: Childhood, Youth and Education



Heuer family coat of arms.

became independent farmers and artisans and the Heuer family coat of arms subsequently found its way onto the bell of Nidau's town hall when a certain Johann Heuer was mayor. Our coat of arms shows a lion rampant holding an axe in his left paw and carrying a rake over his right shoulder. An axe in heraldry usually symbolises the ability, readiness and willingness to perform military duty, but I think our coat of arms can

be given an additional and slightly more down-to-earth interpretation: the early Heuers probably supported themselves by haymaking in the summer – “Heu” is German for “hay” – and by chopping firewood in winter!

In addition to his genealogical research, my father also wrote a detailed history of the Heuer family watchmaking company and thanks to his painstaking efforts I inherited an exceptionally well-documented account.

In 1937, in view of the family's difficult financial situation during the economic depression that followed the 1929 financial crash, my parents decided to let out our home “Bagatelle”. The American company General Motors had just opened a large factory in Bienne. One of their executives who was seeking accommodation for his family rented “Bagatelle” while we moved into the neighbouring larger family mansion “Bel-Air” where my paternal grandmother lived until her death in November 1939.

Around 1940 I started to play the violin and continued with it for about eight or nine years. I would say I could play it decently but not brilliantly because I probably did not practise hard enough. Since I had large hands I was later given a viola because there was always a shortage of viola players in the school orchestra. During the Second World War Switzerland was one of the

few countries in Europe where internationally renowned musicians were still giving concerts and I remember my mother taking me to concerts in Bienne and Bern and in particular going to performances by Herbert von Karajan, Yehudi Menuhin and Dinu Lipatti. Without a doubt these concerts laid the foundations of my love for classical music.

## The war years, school and skiing

September 1939 saw the outbreak of the Second World War in Europe. I was nearly seven at the time and remember quite a lot from this period. As I mentioned, we were then living in our “Bel-Air” residence in Bienne. “Bel-Air” was a lovely old mansion and it had a large dining room as well as a huge smoking room, the *Fumoir*, where the walls were hung with mounted antlers and boars’ heads and the sideboards covered with trophies picked up by my grandfather Charles-Auguste Heuer at clay pigeon shooting contests and silver cups won by his English setters at dog competitions. The atmosphere was very much like an English country house and indeed there has long been an Anglophile streak in my family. As a young man, my grandfather Charles-Auguste Heuer had loved working in London as a gemologist for the jeweller Edwin W. Streeter (author of the classic *Precious Stones and Gems* published in 1877), specialising in rubies for use in watch movements, and my father in turn was a passionate Anglophile, amongst other things regularly crossing the Channel to take part in fox-hunts.

When the Second World War broke out all of Switzerland’s armed forces were mobilised. My father was immediately called up because as commander of a cavalry battalion he had to be ready for duty with his troops. After the

initial panic following Hitler's invasion of Poland things calmed down for a while, but when Germany invaded Denmark and Norway [April 1940] and then Holland and Belgium [May 1940], Switzerland became extremely nervous and recalled everyone again.

The *Réduit* strategy, under which the Swiss armed forces and population were to take up a defensive "hedgehog" position in a core area centred on the St. Gotthard Fortress in the Alps, led many people to flee into the mountains and seek rented accommodation. I remember very clearly that in May 1940 we travelled to Saanen in a Chevrolet and stayed in a hostel called "Pension Daheim" which still exists today. Our own family car – an Opel – had been requisitioned by the army upon outbreak of the war. We were able to travel by car thanks to another uncle of mine, Uncle Hans [Gasser], who was to work at the Swiss embassy in Berlin during the war and who later became Switzerland's Consul General in New York and then ambassador to Canada. In May 1940, however, he was employed by General Motors in Bienne and, thanks to his position, was able to provide us with a car and chauffeur and, just as important, some gasoline.

After a while in Saanen we rented a small chalet and I was sent to a local boarding school. We stayed in Saanen until things calmed down and in late 1941 we were able to return to Bienne. During all this time our family watchmaking company kept running. Production of stopwatches and chronographs continued, but of course many of our workers had been called up for military service. Fortunately, my father's younger brother, my Uncle Hubert, who was joint partner with my father, was allowed by the army command to stay in Bienne where he was posted locally as a captain. He was thus able to continue supervising our watchmaking business during the war years.

Before the war, Uncle Hubert had been living in the converted Gottstatt monastery at Orpund, a couple of miles east of Bienne. During the war his children had to go to school in Bienne and he moved into our “Bel-Air” residence so his children would not have any transport problems getting to school on account of the strict rationing of gasoline. We in turn moved back into “Bagatelle” because all the senior executives from General Motors, including our tenant, had been recalled by their head office back to America.

When France fell to the Germans in June 1940, a French army – the 45<sup>th</sup> French Army Corps under the command of General Marius Daille – found itself virtually encircled by the Germans and cut off in the Ajoie region of France near Switzerland’s north-western border. Apparently General Daille himself turned up at the Swiss frontier post at Goumois and asked permission for his troops to cross into Switzerland to avoid capture by the Germans. The Swiss government gave its permission and more than 29,000 French troops crossed the border during the night of 19-20 June 1940. They were disarmed and distributed throughout the canton of Bern. One battalion was billeted in Bienne in the Collège Dufour, a school just across the road from my home, and I used to sit on our garden wall for hours admiring all these soldiers parading in the school’s courtyard. Besides French soldiers there were Moroccan cavalrymen known as *spahis* who looked very elegant in their smart uniforms with blue cloaks, and there were also scores of Polish soldiers. They had many horses with them and they also had plenty of motor vehicles.

During the later years of the war I would lie wide awake at night listening to the drone of allied bombers flying over Bienne on their way to and from various bombing targets in Italy. As a strict black-out was in force we had

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to turn off every light in the house. And of course I remember the strict rationing. Once a month my sister and I would receive a 100 g bar of chocolate to share. I would wolf down my half immediately, but my sister would make her portion last for more than a week. Butter was equally scarce. Our family had to make do with a one centimetre-long sliver per person, per week. If you were invited to dinner at someone's house you had to take your ration coupons with you as they were needed to buy certain foodstuffs and goods which were strictly rationed to prevent shortages.

Other early memories come from my time as a boy scout. I loved the scouts and had joined in 1943 at the age of 11. I became a patrol leader and then a *Jungfeldmeister* and remained an active scout until about the age of 16. In those days the head of the scouts in Bienne was a man called Peter Renggli who later became a doctor of law and head of the General Swiss Watch Industry Company known as ASUAG [*Allgemeine Schweizerische Uhrenindustrie AG*]. While a scout I took part in the National Camp in Lugano in 1945 and in 1947 I went to a Scout Jamboree in Rouen in France which included a visit to Paris. This was my first post-war trip outside Switzerland and I still remember the terrible quality of the *baguettes* in France at the time – they seemed to me to have been made from sawdust.

I had relatively few problems at school. Being trilingual helped a lot and I always received good marks in French and decent marks in English. It seems I also had quite a good mathematical brain and an early aptitude for technical things so I did not have to work too hard at the *Gymnasium* [grammar school] to do reasonably well.

My Uncle Hubert had a son called François who was six months older than

me and we both attended the same *Gymnasium* which was located up the hill from Bienne in the direction of Macolin. The walk to school took us about twenty minutes and then at midday we would walk back home for lunch and then back up the hill again for afternoon class. Ever since graduation our *Matura* class has held an annual reunion and those of us still living are in reasonably good shape. Three members of my class went on to become university professors, one became an ambassador, and virtually everyone else went on to have successful professional careers.

I had one particularly close friend in my class in the person of Philippe Baehni. Baehni was a fantastic athlete and he encouraged me to take a more professional approach to skiing. Thanks to him I joined the Ski Club of Bienne where we received professional training, for example from Georges Schneider who was an Olympic slalom champion. Between the ages of 15 and 18 I really made progress with my skiing. We would also race locally in the Jura and I was once downhill champion of the city of Bienne. It is highly likely I gave up the scouts and stopped with the violin to devote more time to skiing. During the skiing season we spent many weekends in Les Prés-d'Orvin, a local skiing centre above Bienne with its own ski-lift. During the winter holidays I would also go racing in Wengen (the New Year Slalom Championships) and in Mürren, where I was allowed to attend the regional junior training camp for young skiers. We also raced at La Chaux-de-Fonds up in the Jura.

## My first contribution to watchmaking

One interesting thing that happened during my school days was that around 1947 or 1948, when I was 15, I made my first professional contribution to

the family watchmaking business. One day my father came home from work and said that Walter Haynes, who was then the president of upmarket sporting outfitters Abercrombie & Fitch in New York, had asked him to create a watch which could display the time of tides. Funnily enough, some years earlier my father had thought it would be useful to have a watch that showed the phases of the moon because while mushroom hunting he had observed that morels seemed to spring up in greater numbers during a waxing moon. But a watch that could display the time of tides really stumped him. He had not seen the sea for quite a few years and was not at all familiar with the subject of tides. He scratched his head and admitted he had no idea how to do it. I told my father that my physics teacher at school, Dr. Heinz Schilt, was a genius and I was sure he would be able to find a solution. Indeed he could and he performed all the calculations for the wheels and cogs needed for a watch to predict high tides at a given location. Thanks to him and my intermediation we were able to create our first tide watch, the “Solunar”, and later the “Mareograph-Seafarer”. This was my very first involvement with the creation of a watch.

### Choosing a career

In September 1951 I successfully completed the *Matura* (school leaving exam needed to enter university) with a score of 61 points out of a maximum of 66 so my future was really quite open, and this included the option of going to university. Medicine was out because I had only done three years of Latin and no Greek and at the time that was not enough because to study medicine you had to have the *Matura* in both Latin and Greek. So in effect I had no real idea of what I wanted to do and which professional direction

to go in. I knew I did not want to go to watchmaking school and my father, who was very pleased with my academic performance, did not want to interfere too much with my choice. At this time, however, aptitude tests were just beginning to appear on the scene and, after some initial hesitation, I decided to take one of these new-fangled tests offered by a psychologist in Zurich. The results of the test indicated that I was capable of doing quite a lot of different things. One key finding, however, was that I needed social contacts and that I would be quite good at leading people. So instead of becoming an engineer glued to his drawing-board or stuck in a research laboratory I really needed to find a vocation that was more open-ended. I was fascinated by the ETH (the Federal Institute of Technology) in Zurich which in those days had an excellent reputation which, of course, it still enjoys today. The psychologist who conducted my aptitude test told me that the ETH was offering a new type of engineering course which he thought might match my background and aptitude. This course of studies led one to become what was called a "*Betriebsingenieur*" or "production engineer". In those days, however, this was something brand new and for the underlying core technical subject you had to choose either electrical or mechanical engineering. For some reason I chose electrical engineering perhaps because, coming from a watchmaking background, I could imagine that one day our mechanical stopwatches could also be driven electrically. At the beginning of the 1950s no one had yet heard of semiconductors or solid-state electronics.

At that time if you wanted to do electrical or mechanical engineering as your core technical subject at the ETH you had to do a one-year technical apprenticeship before you started. So immediately after completing the

*Matura* in September 1951 I went to the SBB (Swiss Federal Railways) workshop in Bienne where they refurbished huge clanking steam locomotives. I started work there together with my best friend from school, Philippe Baehni, and we would clock in at 7 a.m. and pull on our blue overalls. During my time in the SBB workshop I learnt not only to file, grind and weld but also to work with metal to an extremely high degree of precision. In February 1952, however, my apprenticeship was interrupted by the obligation to do military service which was – and remains – compulsory in Switzerland. I had to report to the Swiss army's *Rekrutenschule* [boot camp] in the city of Thun about 15 miles south of Bern where I did four months of square-bashing (military drilling, marching and parading) before returning to the railway workshop.

### Military service

The army had played an important role in the lives of both my father and grandfather. My father absolutely adored the army. He was a natural leader and was very popular with the soldiers under his command. At home, he brought me up to be always on time for an event or appointment. Today I still get very nervous if I am just one minute late for something.

My paternal grandfather Charles-Auguste Heuer had been an officer in the Swiss cavalry and my father had commanded the last cavalry regiment in Switzerland before it was motorised. So our family had this traditional connection with the cavalry which my father was keen for me to continue. He wanted to see me in a uniform with yellow collar insignia because yellow is the colour of the Swiss cavalry. However, as part of its modernisation

programme launched in 1951, the Swiss army was set to phase out the traditional cavalry. In February 1952, therefore, I was drafted as a Grenadier in the “Motorised Light Troops” (also called “The Yellows”) where I specialised in demolition and became qualified to handle explosives. We practised blowing up bunkers and pillboxes and we would have to creep up and hurl a package of explosives in through the window and then run like hell. While exciting at the time, it was actually quite dangerous work!

At the time of my first bout of military service language again cropped up as an issue in my life. During his military career my father had always served with French-speaking units and, when the time came for me to do my military service, he urged me to tell the recruiting officer that I wanted to serve with a French-speaking unit. My request was granted and I was to spend a total of nearly ten years serving with French-speaking troops. I used German later during my second military career in the military intelligence service, but that’s another story. I must admit that this was a very good idea of my father’s because having a strong command of French made life much easier for me later in the watchmaking industry which, in Switzerland, is predominantly French-speaking. It has also paid dividends with my wife who is equally at home in Italian, Spanish, English and French. We usually communicate with each other in French.

I mentioned earlier that horses were to play an important role in my childhood. Just after the war, when my father became commander of a light brigade, the army formally issued him with a horse. Now suddenly we had two horses. One was my father’s own horse and the second one the windfall of the new army horse. Lux, the horse that had been my mother’s wedding present, had fallen and died when jumping a hedge in the Jura and landing

on its neck. My father had been lucky to escape from the accident with his life, although he did suffer severe concussion. Anyway, these two horses needed exercising on a daily basis so there was quite a lot of riding to be done. After coming home for lunch my father would often go back to his office wearing riding breeches and boots so he could jump on his horse immediately after work, and every afternoon or evening in my later school years I would saddle one of the horses and go riding in the *manège*, which was just a few hundred yards away from our stables and where I would get training from a professional riding instructor. In fact, this instructor wanted me to become a jockey because I was small, light and quite good on a horse but by then I had committed myself to studying at the ETH in Zurich. My father advised me against becoming a jockey and he also advised me not to join the traditional cavalry, saying that having a horse was a serious commitment and it would place limits on my foreign travel and studies and effectively ruin my career. Given his own love of horses in general and the cavalry in particular this was actually a very altruistic position for him to take. I also preferred skiing so I did not push the horseback-riding any further. But having mastered horseback-riding in my youth I've always been very much at ease on a horse whenever I've had an opportunity to go riding.

Furthermore, motor cars had now entered my life. Just after my eighteenth birthday in November 1950 I obtained my driving licence, having taken the test using my father's Citroën. I had managed to squeeze in some illegal practice in the streets around our home: every evening when my father returned from work I would offer to park his car and then drive round the block a few times to get the hang of steering, braking and changing gears. Having a driving licence was another factor in favour of me joining the army's motorised light troops.

## Discovering post-war Europe

Another important phase in my youth came with the opportunity to discover Europe. Remember that in Switzerland we had been completely shut in during the war years and I was desperate to get out and see something of the wider world.

I remember that as soon as the war finished the first thing my mother did was to visit her parents, who had spent the war years in London and had survived the Blitz. My father was intrigued because he could not understand how my mother obtained a passport and travel permission in the summer of 1945 so quickly when all of Europe was still smouldering from the war. It was possible thanks to a Scottish-Belgian couple we knew who had spent the war years in Switzerland. The Scottish man, Frank, was in Switzerland ostensibly working for General Motors and running its factory which had been converted to produce rucksacks for the Swiss army. My father was irritated because he felt Frank should have been on active service at the front rather than comfortably installed in Switzerland overseeing the production of *rucksacks*. But, unknown to us at the time, Frank was a member of Britain's Secret Intelligence Service (also known as MI6) and had spent the war years under cover running agents and coordinating an intelligence network from Switzerland. Thanks to his official connections my mother quickly obtained the documents and permits she needed to visit England.

While my mother was in England my father decided to take me and one of my friends on a motoring tour of Switzerland. He wanted me to discover Switzerland because during the war we had not been able to travel freely as our car had been requisitioned by the army. We now had an Opel Cabriolet and motored through the Jura, the Grisons and the Valais and crossed many Swiss mountain passes.



↑ "Bagatelle", my childhood home in Bienne built by my parents in the grounds of "Bel Air".

← "Bel Air", the old family residence in Bienne where both my father and Uncle Hubert grew up.



↑ The author aged 5.

← Aged 10, together with my father.



↑ As an army recruit in 1952, together with my parents.

← My father, Colonel Charles Heuer (right), talking with General Henri Guisan in 1942.



↑ Leading my platoon in 1962.

← As a lieutenant in 1955,  
together with my father.



↑ Leonarda and me on our wedding day,  
5 October 1963.

← With my father in one of the Heuer  
workshops in 1958.

↓ Together with Leonarda at a wedding around 1975.



## The Heuer family today

↓ The Heuer family gathers in Scotland in 2012 to celebrate Jack's 80<sup>th</sup> birthday.

1. The author
2. Leonarda
3. Our daughter, Fiona
4. Our first son, Christoph
5. Our second son, Manuel
6. Robert, Fiona's husband
7. Beatriz, Manuel's wife
8. Sandra, Christoph's wife
9. Jan, our first grandson (son of Fiona and Robert)
10. Sophie, our first granddaughter (daughter of Fiona and Robert)
11. Thomas, our second grandson (son of Manuel and Beatriz)
12. Julia, our second granddaughter (daughter of Manuel and Beatriz)
13. Jeanne, our third granddaughter (daughter of Christoph and Sandra)
14. Luis, our third grandson (son of Christoph and Sandra)



## Chapter I: Childhood, Youth and Education

Over the Whitsun holiday of 1950 my father, mother, sister and I all went to visit our company's representative in Germany, a Mr. Storz, who was based in Pforzheim near Stuttgart. The city of Pforzheim had been virtually wiped off the map by a devastating bombing raid by Britain's Royal Air Force in February 1945. I remember this visit particularly vividly because when we were received by Mr. Storz at his handsome villa on a hill overlooking the bombed ruins of the city he served us champagne and then, during the conversation, mentioned that the remains of tens of thousands of people were still buried under the rubble at our feet. I found that very *macabre*.

In the autumn holidays of 1950 I accompanied my mother to Juan-les-Pins on the Côte d'Azur. I mention this trip because it was the first time I had ever seen people water-skiing and I immediately wanted to have a go myself. It clicked immediately and I found I was able to stand up without any problem.

In the summer of 1951, the year I completed my *Matura*, we made an extensive trip in our new white Chevrolet Cabriolet through all of West Germany, up to Hamburg, then through Denmark and by ferry across to Sweden to visit a client in Stockholm. On the way back we stopped in the south-west of Sweden for a holiday on the beach at Mellbystrand. One impression from this trip I will never forget is that of driving through Hamburg. The city had been so thoroughly destroyed in the war that you could not find any roads. When you entered the city you had to take on board a kind of "pilot" to guide you through the rubble and out the other side onto the road to Denmark. For a visitor it was absolutely impossible to find the way on your own – I had never seen so much destruction.

My father obviously had faith in me because, after I successfully completed the *Matura*, he allowed me to take the family Chevrolet and go with two friends on a camping holiday to the Côte d'Azur. We drove down from Switzerland and made our first stop in Avignon, where we pitched our tent in a field just below the Papal Palace. One of my friends had a smart jacket which he did not want to get creased so he left it in the car. When we woke up the next morning the jacket of course was gone, along with all his money and his passport. At a stroke, one third of our financial resources had disappeared, so we had to spend the holiday on a very tight budget eating virtually nothing but grapes. We couldn't really have all the fun we had anticipated but nevertheless it was a very memorable trip.

Around this time I somehow managed to scrape together enough funds to buy a motorcycle, a Puch 125 from Austria, probably using the money I had saved while doing military service and working in the SBB railway workshop. In the summer of 1952 I used it to make an excursion through Austria and drove over some twenty mountain passes.

## Student days

I started my studies at the ETH in Zurich in the autumn of 1952, after spending a year doing my practical apprenticeship and military service. While at school I had always been in the top third of my class, but now I suddenly found myself surrounded by very talented maths freaks from all over Switzerland who had come to this top-notch school and created a very competitive environment. It took me virtually all of my time to move back up into the top third again. But those five years in Zurich were the happiest

years of my youth. I was quickly accepted into the Swiss University Ski Club [*Schweizerischer Akademischer Skiclub* or SAS] thanks to the prizes and titles I had won in my earlier skiing career. The SAS was a very elite and exclusive club found only in the university towns of Switzerland. Don't forget that in those years the average person could not afford to become a ski racer. It was a very expensive business as you had to finance the purchase of new skis and all the rest of the gear so your parents had to be reasonably well off. The people I met at the SAS during this time remain amongst my closest friends today.



Ski racing, around 1954.

I became a member of the Swiss University National Ski Team and during my first year of studies I had to fill in for a downhill team member who was sick and took part in the Students' World Championships at St. Moritz. The piste followed the course of the one laid down for the 1948 Winter Olympics. I managed to reach the finishing line, but not without falling.

When I visited the same place 25 years later I could not believe that I had raced down this very challenging ski-run.

I didn't particularly like my studies during my first two years at the ETH. They were quite boring, with lots of theory and tests, but I still managed to get away most winter weekends, very often already on Thursday evening, and go ski racing with the SAS. During my student years I raced at Oberammergau, Cortina, Sestriere and Megève and in many Swiss ski resorts. The last two years of my studies, however, were much more interesting. During the final year in particular we learnt a lot about productivity, workplace layout and the legibility of dials. I was able to apply much of what I

had learnt about the importance of easy-to-read dials in the watch industry later on and I remain a stickler for clean divisions. In those years nothing was digital – everything was still analogue with hands – and if, for example, someone working in a power station were to misread a dial there could be serious consequences, so it is vitally important to have clearly legible dials.

I did my first *Semesterarbeit* [written semester work] in an *ébauches* [watch movement] factory in Fleurier where I had to write a report in German on re-organising the *Terminwesen* [logistical planning]. During a spell at the Fabrique Paillard – where they made the Hermès typewriters and employed over 1,000 people – I wrote my *Diplomarbeit* [diploma thesis] in French on the subject of how to reduce production losses. A company can save money and increase productivity by reducing its number of production losses and this is obviously a topic very relevant to watch production.

Another exercise I remember from this time is one where we had to design a power station. Quite frankly I was not really interested in power generation and power engineering. Some of my contemporaries spent three days on this but I rattled my design off in an afternoon and then went skiing. Both my *Semesterarbeit* and *Diplomarbeit* were supervised by Dr. Theodor Fässler who went on to become CEO of Maschinenfabrik Mikron AG, a famous machine-tool factory in Bienne. Many years later [in 1974] I invited him to join the board of our company.

Parallel to my academic studies I also had my military career with the army to think about. My father naturally wanted me to become an officer because that was a family tradition. But to do that you had to clock up quite a few years of service and it was impossible for me to do this without in-

interrupting my studies. Before I started at the ETH I had already done four months of basic military training at the army's boot camp. The next step was to become a corporal, and during my first summer at the ETH I did 4 weeks of training for that. Then I had to clock up four months on active service as a corporal. Then I still had to do officers' training followed by the officers' practical course where I had command over 30 men. All these training courses took up quite a few months of my time but furnished me with some of the skills needed to lead people.

### Discovering the United States

Towards the end of 1955 I found I had some time left over from the military training courses before the new semester started and I decided to go to the US. I had heard so much about the US and thought, well, why not go there? Some time before I had met Walter Haynes, then the president of Abercrombie & Fitch which was one of our customers in the US. He used to visit us in Switzerland twice a year and, as he was a very creative person, would bring his own ideas for new watches. I asked him if I could do a short practical apprenticeship at Abercrombie & Fitch's store in New York and he agreed. He even invited me to stay at his home until I found my own lodgings. So after a Swissair flight to New York in December 1955 I took a taxi straight to Mr. Haynes's house. The next morning he took me to the watch department of Abercrombie & Fitch's store in Manhattan and I was put behind a counter where I sold watches, including our own brand, until January 1956.

In New York I soon found cheap lodgings in the shape of a small room on the 13th floor of a building just off 8<sup>th</sup> Avenue around 47<sup>th</sup> Street, near Times

Square and the Theatre District. In my free time I would go out with my American colleagues and also visit family friends living in New Jersey. Over the New Year holiday I managed to get a job as a skiing instructor with an outfit that ran skiing trips, departing New York by coach from Times Square. The trips were a bit of a rip-off for unsuspecting customers. The operator was a real bandit and would even sell my seat on the coach and I would have to stand all the way to the ski resort in upstate New York. That had its compensation in the freedom I had to walk up and down the coach chatting up the girls. Upon arrival in the resort my job was to teach the basics of skiing and by noon the clients would all be exhausted and around 3 o'clock the coach would take everybody back to the city. Over Christmas and New Year the tour operator offered extended three-day trips. As the clients were usually exhausted by lunchtime I was able to slip off and do some serious skiing with the other instructors.

In January 1956 my father arrived in New York on a business trip and checked into the luxury St. Regis Hotel. He immediately called me and suggested I move out of my digs and join him at the St. Regis. So I cleared out my tiny room and took my skiing gear and other worldly possessions down into the street outside the grotty building to find a taxi. I managed to stop one and loaded all my gear into the boot. When I asked the cab driver to take me to the St. Regis he thought I was joking and couldn't believe I was moving from this cheap neighbourhood into one of New York's most prestigious hotels. However, I duly checked into the St. Regis and shared my father's room and then accompanied him on the last week of his business trip. First we visited our New York customers, including Abercrombie & Fitch and other private label companies, as well as our agents Louis Eisenstein & Bros. Then we

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went to Niagara Falls for a meeting with our Canadian agent. From there we flew to Dallas to visit Zales, then the largest chain of jewellery shops in the US. The founders of Zales had started their company in a tiny village where they began placing watches in the window of a drugstore. At the time of our visit, however, they had several hundred stores across the US and were a very good customer of ours.

My father and I visited the Zales branch in Wichita Falls. I remember that suddenly we both urgently needed to relieve ourselves and we ran into this very chic hotel. Downstairs there was a long row of about 40 lavatory cubicles, but none of them had a door. We walked along until we found a couple that were free, on the way passing Texans wearing their cowboy hats and sitting bolt upright with their blue jeans down around their boots and all staring straight ahead out of these cubicles. I'll never forget that image. Then we flew back to New York and the next morning I set off alone on a Greyhound bus to make my own tour of the US.

My first stop was to visit the Gruen family in Cincinnati who were very good friends of my father. They owned the Gruen Watch Company, one of the largest watch manufacturers in the US, and they also owned a factory in Bienne. From there I went to Denver and took another Greyhound bus to Aspen where I spent one week skiing. Another skier, a ski-bum financing himself by helping out as a barman, approached me and offered to buy my Kästle slalom skis which at the time were the best skis available. I agreed because I did not want to cart my skiing gear around with me for the rest of my tour and at the end of my final ski run this chap was waiting for me with USD 60 cash to buy my skis – and my boots – on the spot. But he paid me with a huge pile of crumpled and very dirty one-dollar notes which were

the tips he had received while working as a barman. Then I took the bus to Santa Fe, went on to visit the Grand Canyon, and then travelled to Las Vegas, Los Angeles, San Francisco and Seattle before crossing into Canada to visit Vancouver.

From Vancouver I took a seaplane north to Kitimat to visit my mother's brother, Cyril Henderson, who was working there. Before the war Cyril had graduated as a civil engineer from the University of London and had trained as a pilot with the Royal Air Force (RAF). When war broke out he was sent to Canada to help train Canadian pilots, but he contracted tuberculosis and was invalided out of the RAF in 1940. Much to his chagrin he missed participating in the Battle of Britain. He spent the rest of the war years in Canada and the US and studied city management at the Massachusetts Institute of Technology (MIT). In 1952 he was hired by the Aluminum Company of Canada (Alcan) to build up a company town called Kitimat in the wilderness of British Columbia. He worked out of Vancouver in 1952 during the planning stage and then in 1953 moved with his family up to Kitimat where he was "city manager" until 1958.

When I visited Kitimat it had no airport so the only way in by air was by seaplane. You had to fly up the Douglas Channel to approach Kitimat which was at the end of the fjord. When I went it was very foggy so the pilot had to skim along just a few feet above the waves. The week before, a seaplane had crashed after hitting a log floating in the water. It was low tide and many of the crew and passengers drowned because they could not get a hold on the exposed slippery rocks to pull themselves out of the water. I only heard about this later.

From Vancouver I flew back to New York and, as I had so much luggage, decided to take a ship across the Atlantic to Le Havre. I finally arrived back in Switzerland in April 1956 and returned to my studies.

### Joining the family business

I successfully completed my studies at the ETH and graduated with a Master's degree on 23 December 1957. In spite of my break in North America and all the time spent skiing and doing military service I managed to finish my final exams with a respectable average of 5.2 out of 6 which would have been enough to start a doctorate if I had wanted to.

Around the time of my graduation I received an offer from the American consulting firm Arthur D. Little to join them in Boston. The mid-1950s saw the expansion of large consulting companies such as Arthur D. Little and McKinsey. Obviously, my studies in *Betriebswissenschaften* (management science) were a perfect background for consulting and I was one of the very few graduates from the ETH who was trilingual. I was very much tempted to work for Arthur D. Little in Boston because I had had such a great time in the US and loved the idea of going back. I told my father about this and he said, "Well, Jack, listen. I understand why you would like to go to America. But I'm 61 now. Why don't you come into the company for one year so you can learn the ropes? Then your Uncle Hubert and I can continue running things while you go to Boston. We can re-examine things when the time comes for me to retire." My cousin François, who had gone to school with me in Bienne, had no interest in technology and was not a candidate for grooming to join the company. He went on to become a lawyer and later joined the Swiss diplomatic service.

Around the same time something else of significance happened. In 1957, after many years of negotiations, my father and my uncle managed to sell the family residential estate, including the villas “Bel-Air” and “Bagatelle”, to the city of Bienne. When the war ended my Uncle Hubert had moved back into the converted Gottstatt monastery at Orpund and my parents did not know what to do with the family property. We were then living in “Bagatelle”, the smaller of the two villas, and the larger “Bel-Air” residence remained empty. So they sold the property lock, stock and barrel to the city of Bienne which planned to build the Swiss School of Advertising on the site. My father and uncle had used the property as collateral to get loans from the banks during the difficult years. After the sale they were able to pay off all the debts and mortgages we had and also give the family watch-making company a substantial injection of capital. They decided to put CHF 200,000 each into the company, and that was a huge sum at the time. My father also gave me a lovely red MGA sports car as a present for successfully completing my diploma at the ETH. My cousin François and I were the first members of our family to graduate from a university. My father never took the *Matura*; my Uncle Hubert, on the other hand, had completed the *Matura* and wanted to study to become a diplomat but had had to drop his plans and enter the family company following the death of their father.

I took stock of my situation in general and carefully considered my father’s proposal in particular. His suggestion sounded very reasonable and I agreed to it. I decided to spend a year learning the ropes in the family business – after all, if it did not suit me I would be able to get out after a year – and I formally joined the family company on 1 January 1958.



## **Chapter II: Learning the Ropes | 1958 – 1963**

First steps in the family business — A problem with our US market — Rallying in Monte Carlo — A new start in the US — We launch the Heuer Time Corporation (HTC) in New York — A VIP skiing client — An unexpected encounter in New York — Reorganisation at HTC — I become the majority shareholder in Heuer — The story of the “Autavia” — Origins of the “Carrera” — The fusion with Leonidas — The design principles behind the “Carrera” chronograph — Marriage

### First steps in the family business

In my grandfather Charles-Auguste Heuer's early days with the company he had had up to 200 employees. Many of them were engaged in polishing and drilling rubies for the watch industry, an activity which generated 50% of the company's turnover and most of its profit. However, the introduction of the first artificial rubies had killed this side of the business overnight. When I formally joined the company at the beginning of 1958 its official name was still Ed. Heuer & Co. SA. At this time in Switzerland there was a handful of large watchmaking companies, but the vast majority were small-sized companies like ours. In the late 1950s our company was still relatively small, with sales of only CHF 1.7 million [equivalent to about CHF 12-15 million at today's value] and a workforce of about 40.



Heuer watchmakers working on Switzerland's first semi-automatic assembly line for wrist chronographs [1964].

I started off as the company's Production Manager and immediately set about making use of what I had learnt during my time at the ETH. I made analyses of workflow, productivity and manufacturing costs and I introduced a more modern and detailed system of cost accounting, which allowed us to analyse margins in the various product groups. I also made

a point of personally getting to know our many suppliers, including case-makers, dial-makers and manufacturers of other components.

In the summer of 1958 I visited some of our clients in Germany, driving there together with our Sales Manager Willy Wittwer in my new MGA sports car. These German clients were traditional, regionally-organised wholesalers of watches and clocks. I realised that while they were not particularly inter-

ested in our mechanical stopwatches, they were on the other hand quite interested in our chronographs (i.e. stopwatches combined with a traditional wristwatch). That was a modest but useful learning experience for me.

## A problem with our US market

In 1958, the FH (*Fédération de l'industrie horlogère suisse* or Federation of the Swiss Watch Industry) began to break down the statistics for exports of Swiss watches in a more detailed way. For the first time the export figures for stopwatches were broken down on a country-by-country basis. Since there were relatively few manufacturers of stopwatches in Switzerland at the time – besides us the major ones were Leonidas, Excelsior Park, Minerva, Lemania and some very small ones such as Gallet – we were now able to work out our respective market share in various countries. To our astonishment we found that whereas in most world markets Heuer's market share had grown to between 20% and 25%, in the US it was a paltry 2% to 3%. Furthermore, every year the US market was absorbing about 200,000 to 300,000 stopwatches, in other words two-thirds of Switzerland's total annual production of stopwatches!

My father, my Uncle Hubert and I then sat down together and analysed the significance of these findings. While my father looked after manufacturing and product development, Hubert was responsible for sales and the US market. He had just returned from a sales trip to the US and had discovered that our US agent was not doing a great job, to put it mildly. The export statistics clearly showed that Heuer was missing out on the world's largest market for stopwatches.

## Chapter II: Learning the Ropes

I in turn showed Hubert and my father the results of various internal studies I had made. These revealed that while the margins in our stopwatch business were good, they were only satisfactory for our chronographs and absolutely miserable for our standard self-winding gentlemen's and ladies' watches. This was due to the fierce competition between the Swiss suppliers of mostly private label customers like Zales. As a result of these findings we decided to stop manufacturing conventional wristwatches and to concentrate exclusively on wrist chronographs, stopwatches and dashboard timing instruments for use in car rallies. We also decided to set up our own sales organisation in New York to look after the US market, and we started looking around for a candidate to be its manager.

In retrospect, this was a daring move for us to take as we had had no experience in running a wholesale firm. We were also quite naïve about the difficulties, risks and sheer size of the US market. However, the sale of the family property in Bienne and the CHF 400,000 of new capital the Heuer brothers had subsequently been able to inject into the company helped allay some of our fears.

To be frank, 1958 was not a good year for Ed. Heuer & Co. Our sales were CHF 1.7 million, down 20% from the previous year's figure. By the end of the year I was quite ready to quit the business and take up the exciting job offer that I had received from the consulting firm in Boston. I was after a more spectacular and satisfying professional career than the one I saw outlined for me in our small family company. Furthermore, at that time in Switzerland someone working in a small watchmaking company did not rank very highly in the social pecking order. However, my father and uncle then invited me to take over responsibility for the subsidiary they were planning to set up in the US. This revived my interest and whetted my appetite for a challenge.

## Rallying in Monte Carlo

There was another initiative I took for our company at this time. We had noticed a strong increase in sales of our dashboard stopwatches. I therefore decided to conduct my own market research and got in touch with the *Automobil Revue*, Switzerland's leading weekly publication for motoring and rallying enthusiasts, and explained my market research plans. They listened to my ideas with interest and suggested I attend the next Monte Carlo Rally which was to take place in January 1959. They even organised a press pass for me and gave me a large metal plate to mount on the front of my car saying "PRESSE". This sign is now on display in the TAG Heuer Museum in La Chaux-de-Fonds.

In January 1959 I drove down to Monte Carlo together with our Sales Manager, Willy Wittwer. As we approached Monte Carlo the police took one look at our PRESSE sign and waved us through until we reached the Rally's official finishing line down by the port. Earlier we had tried to follow some of the rally cars on the closed mountain roads above Monte Carlo, but we quickly gave up. These guys were driving at breakneck speeds on narrow, winding roads that had no safety rails and, as we had no desire to risk our lives, we pulled over and watched them race by.

Later on, at the finishing line, we studied every arriving car to see what timing equipment they were using. We were pleasantly surprised to discover that more than 60% of the cars we examined were fitted with Heuer dashboard stopwatches. This confirmed my hunch that this would be a very good market segment for us to focus on in the future.

### A new start in the US

On 5 March 1959 I left for the US together with my Uncle Hubert. We first flew from Geneva to Paris on a regular Swissair flight, and in Paris we boarded one of the very first American Airlines planes equipped with four jet engines (I believe it was a Boeing 707). This was our first flight in a jet airliner and for the first time we flew directly from Paris to New York without making the usual refuelling stops in Gatwick, Shannon or Gander. After the roar of what for us was an exciting take-off, Uncle Hubert, like a grand seigneur, ordered a bottle of champagne to celebrate our first jet flight.

In New York, Hubert and I immediately buckled down to work. We had a meeting with our agent, Louis Eisenstein & Bros., represented by the two partners Stanley Moser and Irving Rosenblum, and informed them we wanted to finish our business relationship with them. They understood why we wanted to establish our own sales organisation in the US and they even offered to be our partners, but we turned this idea down. They then demanded that we repurchase all their stock at landed cost and we had no option other than to agree to this. This was quite a blow for Hubert and me because we had not thought of this contingency when we drew up the budget for our US project and now, before we had even started, our cash resources were placed under severe strain. However, we were able to settle our account with the agents and raise some funds by selling some of the retrieved stock.

On 13 March, Hubert and I left for a business trip to Buffalo to meet our Canadian agent, Jim Bowes. Jim was pleased to learn about our decision to start our own company in the US. He ran a company called Chronometric

Ltd. which sold Heuer stopwatches and he had every interest in seeing our stopwatches become more popular in the US. From Buffalo we went to Erie, Pennsylvania, to visit relatives descended from one of the brothers of my great-grandfather Edouard Heuer – the founder of our family watchmaking company – who had emigrated to the US in the 19<sup>th</sup> century.

## We launch the Heuer Time Corporation (HTC) in New York

Back in New York, we registered the Heuer Time Corporation (HTC) on the afternoon of 16 March 1959 at the New York offices of our lawyers, Riggs, Ferry & Geer. There was still the question of finding a suitable manager for our new subsidiary. I was not a candidate because I was needed back home. Furthermore, the centre of gravity of my social life was then still in Switzerland. With the help of Mr. Savary, the Managing Director of the FH's [Federation of the Swiss Watch Industry] office in New York, Hubert had identified a certain Gaston Wiley (born in Switzerland as Villeumier) who was then the technical manager of the Meylan Watch Company in New York, one of the leading importers of stopwatches in the US. Mr. Wiley had a son who worked in Meylan's repair department and we thought he would be useful to have on our side as well. We had had an initial meeting with Mr. Wiley at our lawyers' office just after we arrived in New York. He had made a good first impression on us and he seemed to know the US stopwatch business inside out. We invited Wiley senior to be the manager of our new US subsidiary and a few days later we signed employment contracts with him and his son. On 24 March Uncle Hubert sailed from New York back to Europe while I stayed on to look for office premises and get our new company up and running.

## Chapter II: Learning the Ropes

Gaston Wiley and I soon found suitable offices on the fourth floor of 441 Lexington Avenue, close to Grand Central Station. There was a bank on the ground floor of our building and this gave us a feeling of some security against any possible robbery. We also engaged a small advertising agency to help us organise an inauguration party, print our advertising material and draw up our first mail-order catalogue. Drawing on his experience at Meylan, Wiley senior explained that selling stopwatches in the US was a piece of cake: all you had to do was buy some mailing lists, bombard potential customers with attractive mail-order catalogues and then sit back and wait for the orders to flow in.

Our first mail-order catalogue was dispatched just after Labor Day [7 September 1959]. I spent the summer in Switzerland and when I returned to New York in the autumn I found that the mailing had been a total flop. We received just a fraction of the orders we had anticipated. I then realised that while Wiley knew a lot about the technical side of watchmaking, he lacked experience in marketing and sales. The Meylan Watch Company itself had some 40 years' experience with mail order and it had a sophisticated, targeted mailing list, but we were unable to tap into any of this expertise.

In my memory, the years 1959 and 1960 seem to have merged. I spent most of each year in the US and came home to Switzerland for a month or two in the summer. In 1960 we launched the Heuer "Century" line of stopwatches. These had a black anodised case and the two-colour dials had been redesigned to make them more legible. At the time this represented quite a step forward in stopwatch design. In the summer of 1960 I briefly returned to Switzerland for the celebrations marking Ed. Heuer & Co.'s centenary. We had reserved the historic Grand Hotel Giessbach, a wonderful *belle-époque*

building overlooking the Lake of Brienz, and invited the entire staff of our company to what for me was a most memorable event.

Back in the US, our third mailing featuring our new “Century” line of stopwatches was more successful than our earlier efforts. In fact, it was very well received. It introduced us to important new clients and gave us hope for a turn-around. Furthermore, the rallying enthusiasts of the Sports Car Club of America (SCCA) had discovered our niche firm and SCCA members would drop in to our New York office and purchase Heuer rally timers on the spot. Membership of the SCCA was quite exclusive: it was only open to US citizens who owned a car imported from Europe.



The cover of Heuer's US Centenary stopwatch catalogue (1960).

## A VIP skiing client

While living in New York I looked around for some way to keep up my skiing. In the winter of 1959 I made arrangements to become a weekend ski instructor at Sugarbush, a fashionable ski resort up in Vermont. On the evening of every second Friday I would join a car-pool and make the seven-hour journey from New York to Sugarbush where I taught skiing whenever and wherever there was work. There were four Austrian professional ski instructors who lived there throughout the season. They had client priority and I never dreamed of poaching their clients. I was not as desperate for work as they were but, more importantly for me, my ski jacket was emblazoned with the magic word “Instructor” which meant that I had free run of the pistes and could ski to my heart’s content.

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When I went skiing one weekend in early 1960, one of my clients was a middle-aged gentleman called Rushton "Rush" Skakel. He liked skiing off-piste, so I took him slaloming around young trees in the woods. He liked this so much that we made several similar runs. While going up in the chair-lift we started chatting and he asked me if I didn't get bored during the week when there were very few clients around. When I explained my situation and said that, like him, I was an engineer who worked in New York during the week, he immediately offered me a trip back to New York in his private plane and said he would send his station-wagon to pick me up from my hotel at 4 o'clock in the afternoon.

At 4 p.m. precisely a huge station-wagon duly arrived, driven by the babysitter and covered with white and green election campaign stickers proclaiming "Jack for President". Two small children peered out of its windows. I realised at once that this was a rather special family. The babysitter handed the wheel over to me and gave me directions to Burlington Airport. Just as I prepared to stop outside the airport entrance, the babysitter tapped me on the shoulder and said that I had to keep driving and go right up to the plane. A gate swung open for us and I drove up to a beautiful black Douglas DC3 which had "Great Lakes Carbon Corporation" stencilled discreetly on its fuselage. A pilot jumped out, opened up the belly of the plane, and the babysitter then threw a jumble of skis, ski poles, boots, bags, and other luggage including my gear into the luggage hold. A little later the rest of the party arrived, including my new friend Rush Skakel, his wife, and Rush's younger sister Ethel Kennedy [who had married Robert F. Kennedy in 1950], who was nursing her young son who had broken a leg. After take-off the steward served gin and tonics and soon the plane landed at Westchester

to drop off Rush Skakel, his family and me near their home at Greenwich, Connecticut. The plane then flew on to Washington with Ethel Kennedy and her injured son. Rush Skakel subsequently invited me to join him and his family on another skiing trip to Sugarbush over the 1960 Easter holiday (15-17 April). This time the return trip finished at their huge residence at Greenwich, where we downed several gin and tonics in the library on what was a very warm Easter Monday evening. I can't remember how I got home, but it was a memorable Easter weekend.

### An unexpected encounter in New York

Earlier, in January 1960, I was making one of my Friday evening trips up to Sugarbush to go skiing and was sitting in the third and last row of the big Chevrolet station-wagon we used in our carpool. On the corner of 92<sup>nd</sup> Street and York Avenue we stopped to pick up an attractive blond girl who was also joining our group. The only free seat left was the one next to mine in the back row, and this very good-looking, long-legged lady clambered in. The trip to Sugarbush took about seven hours so we had plenty of time to chat. Her name was Kathy McKeany and she had just returned from a year in Switzerland where she had been learning French. She had spent six months in Zermatt, the famous ski resort at the foot of the Matterhorn, where she had broken her leg while skiing during the 1958 Christmas holiday. In those days a broken leg meant a few weeks in hospital with a steel pin through your foot attached to a weight that kept the lower part of your leg stretched so the broken bones could knit together. After a few weeks you could then shuffle around on crutches. Kathy had made a quick recovery and, while still on crutches, had taken a part-time job in the office

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of the Zermatt ski school where she met a lot of Swiss ski instructors and mountain guides and picked up quite a bit of *Zematterdütsch*, the local Swiss German dialect. She recovered fully just as spring was arriving and started mountain climbing. She even made an ascent of the Matterhorn via the demanding Zmuttgrat route.

I had spent many New Year holidays with the Swiss University Ski Club (SAS) in Zermatt and was quite familiar with *Zematterdütsch* so Kathy and I started to converse with each other in this dialect which had us laughing and giggling all the way to Sugarbush. We hit it off perfectly.

Later, when my wife Leonarda met Kathy, she took an immediate liking to her and today Kathy is one of her best friends. We invited Kathy to be the godmother of our son Manuel who stayed with her in New York when he spent four months at the Lee Strasberg Theater and Film Institute. Over the half-century since we met on that Friday evening in New York, Kathy has become part of our family. When she got married in Switzerland on 19 November 1993 she was in her 50s and, as her father had passed away, I accompanied her down the aisle of a small but beautiful historic church in Lauenen, near Gstaad, to give her away to her husband-to-be, Neil Chrisman.

Whenever I arrived in New York on a business trip I would call Kathy from the airport to “check in” and she would brief me on what was going on in the city. Often she would immediately whisk me off to a cocktail party or other event. Today, Kathy and Neil Chrisman are our favourite travelling companions. We usually make a trip together in the spring in Europe and in the autumn in the US, and in Europe we have enjoyed jointly discovering places such as Burgundy, Normandy, the Bordeaux region, Veneto, Austria,

Berlin, southern Germany and the Netherlands. In 1992, they joined us in Sao Paulo to attend our youngest son Manuel's wedding. On our trips to the US we often spent time at their beautiful farm in the Berkshires, 150 miles north of New York City.

## Reorganisation at HTC

In February 1961 Hubert and his wife Blanceflor arrived by ship in New York. I was then back in Switzerland. Our US subsidiary, Heuer Time Corporation (HTC), had shown a large deficit for 1960 of nearly CHF 200,000. Hubert started investigating, found several problems within HTC and asked me to join him immediately in the US. When I arrived he briefed me on all the problems that he had discovered and basically tasked me with solving them. He and his wife then departed New York for Switzerland, while I set about engineering a turnaround for HTC.

Earlier I had hired a part-time salesman named Don Rossi, who was working for HTC on a commission basis. He was the son-in-law of some very close friends of my parents from the pre-war years when the husband (i.e. Don's father-in-law) had been a manager at General Motors in Bienne. Don had inherited his father's silver business and we spent two weeks visiting key US cities where he had some long-standing customers such as top jewellers Shreve, Crump & Low in Boston.

At the time our company had an attractive yellow display box that held about twelve dashboard timers from our "Rally" collection. We offered clients the following deal: if they bought one of our yellow display boxes, we in turn would give them a beautiful one-third scale model of a Ferrari racing car which the

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jeweller could put in his window alongside our products to make an attractive window display. Quite a few American jewellers had never heard of the Heuer brand so, to reassure them that we were a serious company, we would ask them to watch the CBS evening news programme called *60 Minutes* presented by Walter Cronkite which opened with a shot of a ticking Heuer stopwatch. This always seemed to work: some 30 jewellers participated in this promotion.

Hubert wanted me to finish with Don Rossi because he thought he was costing us too much, so I started looking around for a new salesman. I came across Douglas (Doug) Grewer, a journalist and keen rallyist who was working for the leading global public relations company Burson-Marsteller while moonlighting for us by writing our press releases. I offered him a salaried job with HTC as Vice-President of Sales and asked Gaston Wiley to step down from being Managing Director and become Vice-President of Repairs & Service, while I took over the position of Executive Vice-President. With Doug's help I also managed to participate in two rallies organised by the SCCA, in one as a co-pilot and in the other as a driver. I was also invited to give a lecture on timing technology at one of the SCCA's Tuesday lunch meetings at the Sardi's East restaurant in New York.

### I become the majority shareholder in Heuer

During this time of reorganisation at HTC I was a subtenant in a furnished apartment on Manhattan's Upper East Side. On the evening of 22 June 1961 I came home to find a telegram from my father on the doormat. I tore it open and found the following message: "Return home as soon as possible. Hubert wants to sell our company to Bulova. Dad."

It was already quite late. I hesitated a moment, but then called Kennedy Airport to see if any flight to Europe had been delayed and had a seat free. I was lucky because they told me there was a KLM flight to Amsterdam leaving shortly after midnight. I booked a seat on this flight, arrived in Amsterdam the next day (23 June) and took a connecting flight to Zurich.

I finally staggered into our company's headquarters in the rue Vérésius in Bienne on the afternoon of 23 June and confronted Hubert. I told him I had worked my butt off for our company in New York and was close to breaking even. However, I made it clear that if he sold the company I would quit at once. At the same time, however, I suggested a compromise that would involve me owning a majority of the shares. I had learnt in the US that the key issue in such cases was to have majority control and I offered to buy Hubert's shares from him. (At this time the company's 100 shares were split 50-50 between my father and Uncle Hubert.) The next day I went to what was then the Swiss Bank Corporation (*Schweizerischer Bankverein*) in Bienne and was able to raise the necessary funds by pledging the shares as collateral.

My father then rushed into the future, so to speak, and gave me 41 of the 50 shares he owned as an advance on my inheritance, leaving him with 9. I bought 10 shares from Hubert at CHF 1,500 each, which was 50% more than their nominal value of CHF 1,000, while he kept 40. Altogether I now had 51 of the total of 100 shares. The next weekend I flew back to New York and, at the age of 28, was now the majority shareholder in the 101-year-old family watchmaking business Ed. Heuer & Co. I was determined to get our US subsidiary HTC out of the red and into the black before returning to Switzerland to run the mother company.

## The story of the “Autavia”



The first “Autavia” wrist chronograph [1962].

In 1958, my first year at Ed. Heuer & Co. SA, I participated in two Swiss car rallies. In the first rally I was driving and my co-pilot was Samuel Heuer. Samuel, or *Sämu* as we called him, was the stepson of the garage owner who serviced my father’s Citroën, and although he shared the Heuer name he was not related to us. His family came from a neighbouring

village on the other side of the Aare, the river that runs from the Alps through Bern and enters the Rhine near Basel.

The first rally had been a good experience for me and in the second one I handed the driving over to *Sämu* and took over the role of co-pilot, partly because I was quite good at map-reading thanks to my time in the scouts. We were doing fine until, close to the finish, I misread the dial of the Heuer 12-hour “Autavia” dashboard stopwatch by a minute. The result was that our team called “Heuer/Heuer” came in third place instead of first. This error infuriated me and I realised that the dial of the “Autavia” stopwatch was unclear, confusing and very difficult to read correctly in a speeding rally car.

Back at the Heuer factory we therefore created a new stopwatch with a large central minute hand. We mounted it into a dashboard case and called it the “Autorialye”. The original “Autavia”, however, had had a 12-hour register, so to replace it we had to develop a new movement. We asked the company Dubois-Depraz to create a new version of the 7700 stopwatch movement which would allow a 12-hour stopwatch to show elapsed hours with large digits through a window in the six o’clock position on the dial.

We named this product the “Monte Carlo” in honour of the famous rally and very quickly this model established itself as a must-have for the world’s top rally drivers.

As a result of this new product the old “Autavia” became redundant and we withdrew it from our product line. However, we still had the excellent name of “Autavia”, which combined the words “automobile” and “aviation”, available for a new product. In the autumn of 1961 I decided with my production team to create a new “Autavia” as a wrist chronograph. Until then we had never added a turning bezel to one of our wrist chronographs. We therefore designed this new “Autavia” to have a turning black bezel with a choice of division markers. A bezel with 60 separate one-minute divisions, for example, would allow the wearer to set a marker for a defined interval of less than one hour; a 12-hour division would allow the time in another time zone to be displayed; and divisions of 1/100<sup>th</sup> of a minute would be useful for time study purposes.

Our modern range of wrist chronographs started in 1962 with these “Autavia” models and continued in 1963 with the “Carrera” range. Both products were very successful, and with every new production series we made small technical improvements, for example by changing the shape of the hour bars or the colour of the radium bars. In those years the manufacturers of luminous paint were working hard to reduce the radioactive radium content without drastically impairing the night-time legibility of a watch’s numerals and hands, and this included trying out different colours including yellow, white, orange and blue.

We never imagined then that half a century later collectors of the “Autavia” models would identify and classify them according to the colour of the lu-

minous paint used on numerals and hands. Today, for example, they are known in collectors' circles respectively as the "Yellow Boys", "White Boys", "Orange Boys" and "Blue Boys" and catalogues exist listing the colours held by individual collectors and even the serial numbers on the respective cases. [See, for example, the website [www.onthedash.com](http://www.onthedash.com)] Looking back I can say that the "Autavia" wrist chronograph was the first real wristwatch product I personally created for the company.

### Origins of the "Carrera"

At this point motor racing makes another appearance in my story. In January 1962 I was invited by the SCCA [Sports Car Club of America] to attend the 12 Hours Race at Sebring in Florida. The old US Army Airforce base at Sebring had become the home of US sports car endurance racing [the track



The first "Carrera" wrist chronograph [1963].

is now called the Sebring International Raceway). I flew from New York down to Palm Beach and rented a car to drive out to Sebring. I had lent the organisers of the race a dozen Heuer pocket chronographs with split-second displays for the official timing of the event, and I was warmly welcomed by the SCCA folks as their guest. What impressed me most of

all at Sebring was the mix of professional road racing pilots, amateur gentlemen drivers and spectators. The professionals included people like the German Jochen Rindt and the young Rodriguez brothers, Pedro and Ricardo, from Mexico for whom the Ferrari importer in New York had prepared a racing car. But there were also some important amateur gentlemen drivers including Augie Pabst from the Pabst brewery family and the actor Paul

Newman from Hollywood. The spectators seemed to be rather well-to-do members of the SCCA and other racing organisations. It dawned on me there and then that this group of motor racing enthusiasts was a natural target client group for Heuer, both for our wrist chronographs and for our rally timers.

While at these races I spent quite a bit of time in the Ferrari pits talking with the parents of the Rodriguez brothers. They told me that they were lucky that their boys were so young - Pedro was then 21 and Ricardo 19 - because if they had been born a few years earlier they would certainly have participated in the dangerous race across Mexico known as the *Carrera Panamericana Mexico*. At the time it was considered to be the most dangerous sports car race in the world and over a period of five years had claimed over 30 victims. It was called off in 1955 because of safety concerns, a decision no doubt reinforced by the disaster at Le Mans the same year. Tragically for the family Ricardo was killed in November 1962 while practising for the Mexican Grand Prix and Pedro was killed in an accident on the Norisring circuit in Nuremberg in 1971.

It was at Sebring, however, that I first heard the Spanish word *carrera*. I loved not only its sexy sound but also its multiple meanings, which include road, race, course and career. All very much Heuer territory! So as soon as I got back to Switzerland I rushed to register the name under "Heuer Carrera". As the company's majority shareholder - and with the company's future effectively in my hands - I was committed to developing new products and I decided that the next product I would create would be called the "Carrera".

### The fusion with Leonidas

Since joining the Heuer family company I had learnt a lot about the market for stopwatches and chronographs, marketing in the US, the mail-order business and the like. I had also learnt much about our competitors. Our most significant competitor was the Leonidas Watch Company in Saint-Imier, Switzerland, which was one of the key suppliers of stopwatches to the US market and sold exclusively to private label companies such as Meylan and Trauner.

In the late autumn of 1962 I asked for an appointment with Mr. Charles Jeanneret, the sole shareholder of Leonidas, and went to see him in Saint-Imier. Mr. Jeanneret was then about 70 years old and he turned out to be a very kind person. Besides being the sole shareholder in Leonidas, he was also a member of Switzerland's upper house of parliament (*Ständerat*). His son, Jean-Michel, was a medical doctor in Lausanne who had no interest in the company. When I told Mr. Jeanneret about my three years' experience in the US he admitted with some understatement that he had "noticed our presence" on the US market. In fact, the competition between our companies there was cut-throat! I took a deep breath and suggested to Mr. Jeanneret [who was more than twice my age] that our two companies should merge, since we were more or less equals with annual sales of about CHF 2.5 million each. To my amazement he reacted quite positively and suggested we should talk again after the annual figures for both companies were available. Both my father and Uncle Hubert agreed to my initiative.

1962 turned out to be a good year for Heuer. Our growing success in the US market was starting to reflect positively on our sales figures and we were

able to significantly reduce our operating deficit. Our overall sales were up by 25% at CHF 2.3 million and we had a gross margin of 27.5% which left us with a small net profit. I spent the winter back home in Switzerland and did not return to New York until the spring of 1963. On 1 June I finally had to let Gaston Wiley go because of his lack of experience in marketing, but I decided to keep his son on our payroll to look after the repairs side of the business as this was something he did rather well.

My father then wrote me a letter in which he said he had met Mr. Jeanneret socially and that they had talked about the meeting I had had with him the previous autumn. Mr. Jeanneret had also informed my father that Leonidas had orders on hand worth over CHF 1.1 million, which was just about the same as our figure. Backed up by this happy coincidence, we all met on 16 July 1963 and an agreement was reached between the Leonidas Watch Company and the shareholders of Ed. Heuer & Co. SA. The agreement said that as of 1 January 1964, Heuer would merge with Leonidas and take over production and management. To prepare for this move both companies would start cooperating closely after the so-called "Watchmakers' Holiday" [a period in July and/or August when the Swiss watchmaking industry traditionally closed down for a summer break] with regard to purchasing movements, cases and other components.

On the legal side it was agreed that for five years starting from 1 January 1965 a controlling number of voting rights would be lodged with a neutral third party and that Leonidas would have two seats on the board as long as Mr. Jeanneret was alive. Our agreement was drawn up by Walter Ryser, a young lawyer working for ATAG (*Allgemeine Treuhand AG*), an accounting and auditing firm in Bern which we used. Walter had been brought up

in Saint-Imier in the Jura. The son of the local banker, he was bilingual in French and German and his Saint-Imier origins endeared him to Mr. Jean-neret. In addition, he was a friend of mine and also a member of the Swiss Academic Ski Club SAS. So both sides agreed to this choice of lawyer. The merger required much preparation and a choice had to be made about which people to keep and which to make redundant. For example, we did not need two accountants and we decided to keep the one from Leonidas, Willy Monnier, who seemed to be more experienced. Overall very few people – none from the production side – had to leave. The official name of our company after the merger was Heuer-Leonidas S.A..

### The design principles behind the “Carrera” chronograph

1963 was one of the most significant years in my career in the watch industry as it was the year in which I designed my first *Carrera* chronograph. As mentioned earlier, I had registered the name *Carrera* for watches under “Heuer Carrera” and the logo consisted of the word *Carrera* with our traditional Heuer logo in a box below it. During my student years I had become a great lover of modern design. I loved all the furniture designed by Le Corbusier and Charles Eames. Amongst architects, I was a great fan of Eero Saarinen and Oscar Niemeyer. As a student I even managed to save enough money to buy a Charles Eames lounge chair, although it did look a bit out of place when I put it in my rather shabby student digs in Zurich. An opportunity to put my own design principles into practice soon appeared.

Wrist chronographs had been popular during the Second World War in military circles, in particular amongst artillery officers who had to work out ranging

distances and coordinate attack times between their artillery and the infantry. Many of these chronographs were equipped with artillery telemeters with spiral scales which made their dials difficult to read. I wanted a dial that had a clear, clean design, and a new technical invention came to my aid. A manufacturer of plastic watch crystals (the transparent cover that protects the watch face – no sapphire crystals existed then) had invented a steel tension ring that fitted inside the crystal and kept it under tension against the surrounding steel case, thereby greatly increasing the degree of water resistance. I decided to use the inside bevel of this tension ring to carry the markings measuring one-fifths of a second. In other words, the flat dial surface no longer had to carry these markings – they had now been shifted off onto the tension ring – and this was the secret behind the fresh, clean and uncluttered appearance of my first “Carrera”. Later on, customers also wanted a tachymeter scale which we inscribed on the tension ring while the much “quieter” one-fifth of a second divisions slipped discretely back onto the surface of the dial.

I used to suffer some embarrassment because I could not for the life of me remember whether I had created the first “Carrera” in 1963 or in 1964. But Jeff Stein and Ben Clymer, two private chronograph collectors in the US, discovered a “Carrera” with an engraved serial number confirming a production date in 1963. Now I am absolutely certain that the “Carrera” celebrates its 50<sup>th</sup> anniversary in 2013!

## Marriage

Watchmaking apart, 1963 was a very important year for me in my personal life. While attending a party in a pub in Verbier in February 1962 I met a

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charming young lady called Leonarda Petitpierre. There followed a gap of six months until we met again quite by chance at another party at a friend's house in Grandson, a historic town overlooking the Lake of Neuchâtel. I found myself rapidly in courting mode and in the spring of 1963 I asked Leonarda to marry me. Our wedding took place on 5 October 1963 in the church of St. Prex, near Morges in the canton of Vaud, and was followed by a reception at her parents' house in nearby Tolochenaz. (Incidentally, this house was later bought by the actress Audrey Hepburn.) We spent our honeymoon in Greece and today, half a century later, we are still happily married and have a lovely family of three children (now of course adults) who, with their respective spouses, have given us six wonderful grandchildren.

Leonarda's father was from Neuchâtel and her mother was from Neggio, near Lugano, in Switzerland's Italian-speaking canton of Ticino, where Leonarda herself was born. In 1946 she moved with her parents to Buenos Aires where she learnt Spanish and attended the Collège Français. She returned to Switzerland to finish her schooling and then spent a year in Cambridge to do the proficiency diploma in English. Between the two of us we speak six languages: German, Swiss German, English, French, Spanish and Italian and without really trying our three children also understand these languages, plus in one case Portuguese as our son Manuel married a Brazilian lawyer. Before we married, Leonarda was working for Procter & Gamble in Geneva and with this international background of both Leonarda and myself we decided to drop anchor in Bern where many of our friends were living. Furthermore, the Heuer factory and office in Bienne were just a 35 minute drive away.

### **Chapter III: Working Hard | 1964 – 1969**

Consequences of the merger with Leonidas — Our daughter Fiona is born — Concerns about our long-term future — Meanwhile in the US — Choosing an advertising agency in New York — Early ventures in product placement — Our son Christoph is born — Heuer and the America's Cup — Getting a watch on Robert F. Kennedy's wrist — Liquidity, productivity and other issues — The birth of the world's first self-winding wrist chronograph — Origins of the square "Monaco" case — First links with Jo Siffert and the world of Formula One — Product launch on 3 March 1969 — Seiko starts to give us a hard time — How not to fire a manager — Moving our US office from New York to New Jersey — A place in the mountains

## Consequences of the merger with Leonidas

The negotiations with Leonidas had gone smoothly and the legal contract formally merging our two companies was signed on 11 February 1964, although in practice we had been working together since 1 January. By this stage my Uncle Hubert had decided to reduce his involvement in the company and work on a part-time basis while I remained Managing Director. We decided to double the merged company's paid-in capital from CHF 185,000 to CHF 370,000. I managed to maintain a controlling voting majority, thanks largely to Walter Ryser, our lawyer who himself held 60 shares in escrow (30 from Mr. Jeanneret and 30 from me). To keep my majority control, however, I again had to beat a path to the Swiss Bank Corporation in Bienne and ask for another loan, which they were quite happy to grant as I had conscientiously paid back my first small loan from 1961.

In early 1964 I started to streamline the structure of the newly-merged companies and our product lines. We decided to use the Heuer brand for products with better-quality lever escapements and the Leonidas brand for the cheaper Roskopf pin-lever versions. At the beginning of the merger we had two of everything, so on the distribution side we retained the better of our two importing wholesalers and in some cases we continued with the private label clients of Leonidas, particularly in the US. When 1964 came to a close, we found our sales had almost doubled from CHF 2.8 million in 1963 to CHF 5.2 million. We had made a modest profit of CHF 45,000 and paid out CHF 37,000 in dividends.

I was very much absorbed in the work of restructuring and integrating Heuer-Leonidas and this did not leave me much time to attend to HTC in the US. The company archives show a few gaps for 1964 with regard to our activities there.

## Our daughter Fiona is born

On 22 November 1964 we had cause to celebrate when my wife gave birth to our first child, a little girl. We christened her *Fiona*, a name derived from the Gaelic word for “fair”. Besides being an acknowledgement of my Scottish connections, *Fiona* was also the name of my mother’s favourite niece, who was a very good-looking young woman!

## Concerns about our long-term future

In 1965 my Uncle Hubert, who had been in charge of sales and client relations, decided to retire completely while still keeping a seat on the company’s Board of Directors in his capacity as a shareholder. We had to find a replacement for him on the shop floor, so to speak, and hired Walter Hunsperger, an experienced salesman from EBEL, the famous Swiss watch-making company founded in 1911 in La Chaux-de-Fonds in the Jura. Walter knew the watch industry and its clients inside out. He was quickly promoted to Director of Sales and stayed with the company for more than 15 years.

By now, however, I had become rather preoccupied with the question of the long-term strategic future of our company and decided to share my concerns with our Board of Directors, which now consisted of my father, my Uncle Hubert, Mr. Jeanneret, Walter Ryser and myself. I said I had a hunch that electronic watches were going to arrive on the scene within 8 to 12 years and that, thanks to their superior accuracy, they would offer serious competition to traditional mechanical watches. My concerns were recorded in the meetings’ minutes now stored in the company archives. I also

asked the Board to start pushing our research in the direction of electronic watches. As an alternative, I suggested Heuer-Leonidas could join one of the existing watchmaking groups which were already investing in the development of an electronic wristwatch.

In addition, I suggested that Heuer-Leonidas could make a start by designing and building some electrical or electronic apparatus for measuring short-time events. I also encouraged diversification and suggested we could sell new products made by third parties through our existing distribution system. We also decided to start assembly production of two new stopwatch movements: the Calibre 8040 from Bettlach for a low-end-of-range stopwatch and the new Valjoux Calibre 7700 which had been offered to us on an exclusive basis. In view of the high volume our merged companies would have with the new basic lever stopwatch movement, we decided to order a custom-made LANCO chain assembly system, which was scheduled to come on stream in 1966.

Around this time we also participated with the Federation of Swiss Watchmakers Associations in an inter-company profitability study involving 36 other Swiss companies known as *établisseurs*, i.e. companies which, like us, bought their *ébauches* (sets of components for watch movements) from one of the factories belonging to the ASUAG (General Swiss Watch Industry Co.) cartel. In 1964 Heuer-Leonidas was top of the table with regard to gross margins and in third place as far as return-on-equity was concerned. These rankings clearly indicated that the Heuer-Leonidas merger had been a success. In 1965 our sales again increased, this time reaching CHF 6.2 million, and we paid out a dividend of 15% of the capital.

With the benefit of hindsight it is clear we should have been alarmed by the overall weak profitability of the *établisseurs*, including ourselves, and even more so by the same alarm bells ringing in all the other companies. We had paid out far too generous dividends to satisfy the personal needs and expectations of our shareholders, for whom the company was their most substantial financial asset. In my case, I needed large dividends simply to pay back the bank loans I had taken out each time we had increased our capital to maintain my majority shareholding.

## Meanwhile in the US

In the US, HTC was just about to record its first million dollars in annual sales. To increase the profitability of the existing US structure, we decided that HTC should take over the US agency of the “Aquastar” watch company, which manufactured a rather unique range of nautical sports watches. Of particular interest was “Aquastar’s Regatta” watch with its patented five-minute countdown feature which had coloured dots appearing in a large dial window. It was ideal for our clients supplying the yachting world. Furthermore, we decided to drop the planned production of our Swiss Microtimer and instead produce only the BCD [Binary-Coded Decimal] Timer developed by us in America, something we could do at substantially lower cost. This BCD Timer, wired up to a starting gate and photocell finishing line, quickly became the standard equipment installed at ski resorts. We equipped more than 100 ski resorts in the US alone with our timing system, which allowed skiers to time their performance very accurately by themselves.

A major weakness of HTC in the US, however, was that we had no salesmen

on the road. In an attempt to rectify the situation we started cooperating with Eterna USA. Eterna had an eight-man sales team that travelled nationwide selling watches to jewellers – not very successfully, it should be said. We optimistically thought we could double our sales by working with the Eterna sales team and we even organised a motivational trip to Switzerland for them where we laid on a sales training seminar. When the time came for them to return home they were all bursting with enthusiasm to sell our products.

Unfortunately this exercise turned out to be a total flop and we quickly stopped working with Eterna. The Eterna salesmen preferred to spend their time pushing expensive Eterna watches rather than our inexpensive stopwatches and complicated Heuer chronographs, the technical workings of which many of them were uncomfortable explaining to potential clients.

Meanwhile Dr. Syz, our lawyer in New York, retired and was replaced by a charming gentlemen by the name of William [Bill] Koegel, senior partner of the well-known law firm Royall, Koegel, Rogers & Wells. Today Bill and I still exchange Christmas cards and update each other by email about developments in our respective lives.

HTC was now invoicing to the value of USD 65,000 per month. The exchange rate then was CHF 4.33 to the dollar so this yielded about CHF 280,000 per month. By now the US government had become an important client for us. However, the US government office responsible for the procurement of stopwatches had issued a tough new technical specification. Amongst other things, this stipulated that a stopwatch should be able to withstand a fall of three feet onto a hardwood floor without suffering any damage. This was not so easy to achieve as at first might be thought, and at Heuer-Leonidas

we had to make several technical improvements and conduct a series of drop tests to make sure our stopwatches would satisfy the US government's requirement. When at last we were ready, we were authorised to make bids to the various government organisations that had put out tenders for stopwatches. We became quite successful and regularly won orders for several thousand stopwatches at a time, thereby becoming one of the key suppliers of stopwatches to the US government. It was also one of the more profitable sectors of our entire business. We had relatively few competitors because for many importers of stopwatches the new technical specifications proved too difficult to fulfil and the accompanying paperwork too complex to fill in.

## Choosing an advertising agency in New York

Around 1963, when chronographs were becoming a more important part of our business, we decided to look for a new advertising agency in New York. As our advertising budget was rather modest, we could not afford one of the Madison Avenue superstars and instead were on the lookout for a small-sized agency, preferably one just starting up. Some friends of mine recommended an agency they thought would suit us called Ries, Cappiello & Calwell. These three young partners had just opened their small agency and focused mainly on industrial products. They took an immediate interest in our product line of chronographs and we became their very first client with a consumer product to sell. We all sat down together to hammer out a strategy and decided that the best way forward was for Heuer to take attractive full-page colour advertisements in magazines read by our typical potential customers:



Our first full-page colour advertisement in the US (1964).

publications such as *Sports Illustrated* and *Car and Driver*. We would run the advertisements once or twice only and then paste copies of them on cardboard so they could be displayed in jewellers' shop windows where they would be recognised by potential clients. This turned out to be a good pragmatic solution in view of our modest advertising budget. As a spin-off from the project, the agency itself won prizes for these advertisements and this in turn helped increase its public profile. A "win-win situation" in today's jargon!

We stayed with Ries, Cappiello & Calwell for some ten years, and during this time they really shot to fame when one of the partners, Al Ries, developed the concept of "brand positioning" that rapidly became a new industry standard in the world of advertising. Today, Al Ries spends much of his time on the conference circuit explaining and promoting his positioning strategy. I personally learnt a lot from his approach and tried to apply it whenever possible.

### Early ventures in product placement

In the 1960s there were not many subsidiaries of Swiss watch brands in the US. I knew some, but by no means all of them. So around 1964 I decided to get to know some of my colleagues and competitors in the watch business in the US. First I called up the Rolex office on 5<sup>th</sup> Avenue and asked for a meeting with the Managing Director. I was given an appointment to visit him a few days later. While walking up the stairs to his office I noticed about eight large photographs of Hollywood stars on the walls, every one of them signed and dedicated to the President of Rolex America. During the meeting I complimented the Managing Director for the good relations Rolex had with the US film world and asked him how he did it. He was rather flattered I

had noticed this and told me he had good relations with a property master in Hollywood who helped him get a Rolex watch on the wrists of stars - for a fee, of course. The Managing Director obviously derived a lot of personal satisfaction from the results of this arrangement and was very proud of his good connections with Hollywood.

This set me thinking and, a day or two later, I called up my good client Barney Feldmar (of the Feldmar Watch Company) in Los Angeles. Barney regularly supplied our stopwatches to Hollywood film directors who needed an accurate means of timing their shooting. I asked Barney to put me in contact with a property master, ideally one involved with films that had a connection with sports. Within a week Barney had put forward the name of Don Nunley. On my next trip to the West Coast I had a meeting with Don and offered to put a selection of Heuer wrist chronographs at his disposal for slipping into films.

Don subsequently succeeded in getting a Heuer chronograph on the wrists of Charlton Heston, Burt Reynolds and Jack Lemmon. In 1970 he pulled off a coup by getting Steve McQueen to wear the Heuer logo on his overalls and to sport our "Monaco" wrist chronograph when filming *Le Mans*. During shooting these actors would get used to the watch they were wearing and afterwards would ask Don how they could get one. Don would say that they simply had to send a signed photo of themselves dedicated to Jack Heuer and then they could keep the watch. Product placement was so much simpler in those days, and I think I must have been amongst the pioneers. Today a company needs no end of intermediaries and specialist lawyers, all of whom of course take their cut from the high product placement fee.

## Our son Christoph is born

On 5 April 1966 Leonarda gave birth to our first son and we named him Christoph Edouard Heuer. As a fifth-generation male descendant of Edouard Heuer “Edouard” of course had to be one of his names, as had been the case with both my father and myself. Today Christoph is an architect and also a passionate and professional cartoonist and book illustrator.

## Heuer and the America’s Cup

Back in my professional life, we were to have another interesting public relations event in the US in the summer of 1967. Doug Grewer, the Vice-President of Sales of our US subsidiary HTC and also our US Country Manager, lived on Long Island Sound and was active not only in car rallying but also in yachting. He had arranged for Heuer to equip both boats competing in the 1967 America’s Cup with various Heuer-Leonidas “Regatta” watches and Heuer pocket chronographs. The defending U.S. boat was the *Intrepid*, skippered by Emil “Bus” Mosbacher who had used several models of Heuer timers throughout Intrepid’s successful summer campaign to be selected as the Cup’s 20<sup>th</sup> defender. Doug drove up to Newport, Rhode Island, and was photographed on *Intrepid* presenting Heuer yachting chronographs to the skipper and his crew.

I was to visit Newport myself in 1970 when I presented Heuer pocket chronographs to the crews of Australia’s *Gretel II* and Baron Bich’s *France* as they battled each other in trials for the right to be the challenging boat in the 1970 America’s Cup. Marcel (“Baron”) Bich had made his fortune with the BIC

brand of disposable ballpoint pens and was bankrolling the French attempt to be selected as the challenging boat. We had prepared two press releases in advance to allow us to respond rapidly as soon as the winner became known [the Australians, as it turned out].

## Getting a watch on Robert F. Kennedy's wrist

One of the most spectacular publicity coups a watch company can pull off is to get one of its watches on the wrist of a respected personality with a high public profile. Politicians, sports idols and celebrities from the worlds of film, fashion and music are all fair game. I was delighted to see Barack Obama wearing a TAG Heuer watch during his 2007-2008 presidential election campaign! Back in 1967, however, Heuer Time Corporation was still a small subsidiary in the US and we were scratching our heads wondering how we could increase awareness of the Heuer brand of chronographs in North America. Our thoughts turned to eminent Americans, including Robert Kennedy, a younger brother of John F. Kennedy. At this time Robert F. "Bobby" Kennedy was not only a senator for New York but also a model for American youth and he used to go jogging in the area around the White House with several hundred young people to draw attention to the growing problem of obesity amongst the US population.

During one of our brain-storming sessions we came up with the idea of trying to get one of our watches on Bobby Kennedy's wrist. But how? We hit on what I admit was a rather devious scheme to make him the winner of a survey taken amongst sportsmen and sportswomen. As a prize he would of course be presented with one of our gold wrist chronographs. We started

looking around for a suitable sports organisation to conduct the “survey”. By chance we had very good relations with the Swiss Federation of Football Referees as we had developed a special stopwatch that made life easier for referees when timing matches. We also had a list of all the Federation’s members – about 60 referees – as we had mailed them information about our new stopwatch. We persuaded the Federation to conduct a survey amongst its members in which they would be asked to name their favourite personality. Having got the Federation’s agreement, we proceeded to design a suitable questionnaire. We had a few questions about sports and how to lead a healthy lifestyle followed by a list of internationally-known personalities who could qualify as idols. Of course, the list was “loaded” in such a way as to make it pretty much inevitable that Bobby Kennedy would win, which he duly did.

That was the easy bit. The more difficult problem was how to physically get the prize chronograph on Bobby Kennedy’s wrist. A few years earlier, one of my uncles [the Uncle Hans Gasser mentioned in Chapter I] had been the Swiss Consul General in New York and I had a pretty good idea of what a Consul General could do and the weight he pulled in US political and administration circles. I contacted the then-serving Swiss Consul General in New York, informed him about the result of the survey and said that as we had no access to the upper echelons of US politics we would be very honoured if he would present the chronograph prize to Bobby Kennedy on our behalf. He replied that he would be delighted to help. It was now the early summer of 1967 and the Consul General said he was planning to hold a reception to mark Switzerland’s National Day (1 August) to which all Swiss citizens in New York would be invited. The reception was to be held in a magnificent

building owned by the Swiss Benevolent Society at Mt. Kisco in Westchester County, just north of New York City. This building had once been a hotel standing in seven acres of its own grounds. The Consul General thought this would be the perfect occasion on which to present the prize to Bobby Kennedy and said he would send out official invitations immediately.

To cut a long story short, everything went according to plan. On 1 August 1967 Bobby Kennedy arrived at Mt. Kisco in a helicopter and the Consul General presented him with the prize chronograph, not realising that the whole exercise had been contrived by us. I myself was back in Switzerland at the time and we deliberately did not send a company representative to the event. We kept our fingers crossed that there would now be plenty of photos of Bobby Kennedy wearing our chronograph. Fate, alas, decided differently as he fell victim to an assassin's bullet ten months later while campaigning for the Democratic presidential nomination.

## Liquidity, productivity and other issues

By 1967 our company's relatively fast growth and the substantial capital investment we had had to make in modern assembly lines had created a rather tight liquidity situation for us. Increasing our capital became a regular topic on the agendas of our Board meetings and that was indicative of our concern.

In Switzerland, the rationalisation of our production processes turned out to be a key success factor, but it also took up a lot of my time. We therefore decided to hire a professional production technician by the name of André Meylan, who had been working for the company Ebauches SA. André start-

ed with us in May 1966. At the same time, we introduced the first punch-cards, which gave us better cost control of the various production steps. The increase in productivity achieved with our first LANCO chain assembly line had been so great that we decided to order two additional assembly lines for the production of less-expensive stopwatches in Saint-Imier.

In our search for the right stopwatch movements we made some drastic changes by eliminating the two old Calibres 736 and 814, which had been in service since 1936, and replacing them with the newer and exclusive Valjoux 7700 movement. We were also able to increase the work space available in our rented premises at rue Vérésius 18 in Bienne. Having long occupied the fourth, fifth and sixth floors of the building, we were now able to get hold of the second floor as well. We also decided to introduce a profit-sharing system for our key managers in the form of an end-of-year bonus.

The UK, meanwhile, was our second-largest market and we decided to try to repeat the success of our US subsidiary by creating Heuer Time Ltd. in London. We hired Carroll Giblin to be our country manager for the UK. Carroll had been handling our products through Convair, our distributor in the UK, and Convair cooperated and made no major difficulties when Carroll left them to join us, bringing his UK clients with him in the process. Carroll quickly found suitable offices in London and within a short time we were up and running in the UK.

We also created a new type of product catalogue, had it translated into seven languages (instead of the usual three of German, French and English) and ordered a print-run of 175,000 copies. Many of our clients mailed our catalogues to potential clients on their own customer lists, and these included

not only jewellers but also national mail-order organisations for industrial and laboratory suppliers as well as aviation, sports and yachting outfitters.

## The birth of the world's first self-winding wrist chronograph

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Around this time (i.e. 1967) it became apparent there was an ongoing decline in the export of Swiss-made non-automatic chronographs caused by the overwhelming success of self-winding watches. This trend, which had been underway for several years, was of such concern to the FH (Federation of the Swiss Watch Industry) that it offered the small group of Swiss manufacturers of chronographs who were united in their own trade association (the Association of Swiss Chronograph Manufacturers) some financial support with which to launch an international advertising campaign to promote the merits of the traditional chronograph.

Willy Breitling was the President of this association of chronograph manufacturers and I was Vice-President, but our membership of about eight or ten companies was really on the small side for a trade association. Neither Rolex nor Omega were members because they outsourced the manufacture of the few chronographs they needed.

At Heuer we had been aware of the drop of interest in non-automatic chronographs for some time. My father, Charles Heuer, had already started looking around for a solution and had examined the potential of the very first movement that came out with a microrotor, made by the Buren Watch Company around 1963. However, when a chronograph mechanism was added the whole movement became impossibly thick and the project was

shelved. But the moment Buren unveiled its new, thinner and patented microrotor movement at the Basel Watch and Jewellery Fair in 1967 we joined up with Dubois-Dépraz, one of our most reliable suppliers, and studied the feasibility of using the new Buren microrotor movement combined with a plate carrying the entire chronograph mechanism made by Dubois-Dépraz. As Dubois-Dépraz had already developed the plate Heuer had needed to create its successful “Monte Carlo” stopwatch with the 12-hour window, we were confident they could handle this new challenge.

In 1967, however, Heuer was still a relatively small company and Dubois-Dépraz gave what for us then was an astronomically-high quote for this project – I believe it was something in the order of CHF 500,000. We therefore decided to ask Willy Breitling to come on board and share the research and development costs. So Buren, Dubois-Dépraz, Breitling and Heuer-Leonidas got together and established a development team to realise our goal of creating a self-winding wrist chronograph. Everyone – both internal staff and external suppliers – was sworn to secrecy and we gave the project the codename “Project 99”.

I had personally been very keen to have Breitling on board, firstly because Willy Breitling and I got along well together and, secondly, because our respective business strengths were very complementary. Breitling was strong in aviation, while we were strong in rallying and automobile sports; Breitling was strong in Italy and France – markets where Heuer was weak – whereas we were strong in Germany, the UK and above all in the US. Since we also agreed on a price range, our double market presence would make market penetration easier. We also agreed to give the new product the generic name “Chronomatic”. Breitling still uses the name today, while we dropped it after

a year, believing that in the US the term “Automatic Chronograph” was easier for the client to understand than the generic name “Chronomatic”.

One idiosyncratic detail with our new self-winding chronograph was that the best place for the winding crown was on the left side of the case, while clients were of course used to seeing a winding crown in its traditional position on the right side of a watch’s case. Initially we all thought a crown on the left side did indeed look weird, but then we decided to turn it into an exclusive and distinctive feature. By having the crown on the left we would in effect be saying: “This chronograph does not need winding every day because it is automatic. The crown is used only for setting the time of day or for readjusting the time if it varies by a minute or so after a certain period, and for this the wearer takes the watch off anyway.” This statement made a lot of sense and we have used it in one form or another ever since.

In 1967 the Board of Directors decided to bring young blood into the company. Hubert Heuer’s son-in-law, Thüring von Erlach, a lawyer from Bern, was elected to the Board together with Dominique de Charrière, the husband of my sister Irène. Dominique was a mechanical engineer trained at the Lausanne Polytechnicum [EPFL] who worked as sales manager in Geneva for the machine tool manufacturer Tarex. Both took their seats on the Board on 1 January 1968.

We ended the year 1967 with sales of CHF 8.5 million, an increase of 19% over the previous year. Our sales had increased markedly, but then again so had our costs.

Around 1968 the overall market situation remained rather uncertain, but fortunately our order books were still quite full. Our key problem was how to increase production capacity. We were looking for watchmakers, watch

repairers and semi-qualified staff to work on our assembly lines. We had received our first large order for stopwatches from China via our Hong Kong agent Desco [de Schulthess & Co.] and also another big stopwatch order from the US Government. However, this excellent order intake pointed directly to a forthcoming liquidity crisis and I realised we would have to increase our capital, especially since our sales budget for 1969 looked as if it would exceed CHF 15 million. Our electronics department also continued to grow, so we decided to hire Christian Nitschke, a qualified electronics engineer, to run it. Our liquidity position was to remain a fragile point because of our fast-paced growth and this in turn meant we would sometimes have to delay projects and borrow more money from the banks.

During the summer of 1968, both Breitling and Heuer-Leonidas received the first prototypes of our new self-winding chronograph for so-called “torture tests”. Several minor modifications had to be made, but there was nothing seriously wrong with the concept or design. In 1968 Buren had been taken over by the US firm Hamilton, which then asked to be part of our secret Project 99 with access to the new movement. So between Breitling and ourselves we agreed to allocate 10% at the most of our total common production to Buren-Hamilton.

In Bienne we worked hard on the casings and dials. We needed an automatic version of the “Autavia” chronograph because the “Autavia” was a must for our car racing and aviation clients and, together with the “Carrera”, was one of our best-selling chronographs. We went on to create the “Carrera Automatic”, using design codes similar to those of the successful manual model. But we also wanted to create an outstandingly innovative and eye-catching product, something bordering on the *avant-garde*.

## Origins of the square “Monaco” case

One day, a representative of one of our most reliable watch case suppliers, a company called Piquerez, located at Bassecourt in the Jura, came to us on one of his regular visits to show us Piquerez’s latest samples of watch cases in mock-up form. He drew our attention in particular to a new patented square case Piquerez had developed, emphasising the fact that it was fully water-resistant. We immediately knew this was something special because until then square cases were used only for dress watches because it was impossible to make a square case fully water-resistant. At Heuer a decision had been taken around 1941 to produce only water-resistant chronographs because any water penetrating a chronograph’s case and reaching the movement causes serious damage that is very costly to repair. We immediately took a liking to the special square shape and were able to negotiate a deal with Piquerez that secured us exclusive use of the case design for chronographs. This way we could be sure that Breitling would not produce a chronograph housed in a similar case when we all unveiled our new products using the revolutionary Calibre 11 microrotor-based self-winding mechanism that was at the heart of Project 99. The revolutionary square case would be the perfect housing for our avant-garde “Monaco” wrist chronograph. Although we were all cooperating in the development of the self-winding chronograph movement, it must be remembered that we remained robust competitors in business!

## First links with Jo Siffert and the world of Formula One

During the final phase of Project 99, I became slightly nervous about how

Heuer was going to finance the advertising for its new chronographs in all the markets in which we were active. It had struck me that our advertising budget was far too modest for us to make any real worldwide impact. The solution came from a totally unexpected source. One day I was at my golf club practising my putting together with an old friend of the family called Claude Blancpain who ran the Cardinal brewery in Fribourg. Out of the blue Claude suggested I should sponsor a young motor racing driver called Joseph ["Jo"] Siffert, who he admired and supported. Siffert, who was also from Fribourg, had shot to fame by winning the Formula One British Grand Prix in July 1968, beating drivers such as Chris Amon, Jacky Ickx and Jackie Stewart, and Claude considered him one of the greatest talents in Formula One racing at the time. Jo was also the factory driver for Porsche and drove for them in long duration events such as the "24 Hours of Le Mans".

This idea immediately appealed to me and a few days later I made an appointment to meet Jo in Fribourg. We got off to a very good start and quickly agreed on the following: [1] During all races Jo would wear the Heuer logo patch on his overalls and one of our chronographs, preferably the "Autavia", on his wrist; [2] He would put a red Heuer sticker on the front or the side of all the cars he raced; [3] Heuer would allow him to buy its products at wholesale prices and he would be free to resell them privately to colleagues in the pits and anyone else attending the races; [4] Heuer would pay him an annual fee of CHF 25,000; and [5] the initial contract would be for 2 years.

Although I didn't realise it at the time, this relatively simple sponsoring contract with Siffert was probably one of the best marketing moves I ever made, because it opened the door for us to the whole world of Formula One.

When our meeting had finished and I was about to go home, Jo said to me, “Jack, how can you drive around in an Alfa Cabriolet when you are my sponsor and I am the official Porsche representative and dealer in Fribourg? You must switch over to Porsche!” I hesitated for a moment, but loved the idea of having this good excuse to buy a Porsche as a company car. I then went on to drive Porsche 911s from 1968 until 1975 when I wrote one off by sliding into a guard rail. In any case, 1975 was a crisis year for my company and I decided it was no longer appropriate for a CEO to drive around in such a flashy car and changed over to a Saab.

## Product launch on 3 March 1969

Throughout 1968 we had managed to maintain the secrecy surrounding Project 99 and we were conscious that the new Calibre 11 movement was going to fill one of the last major gaps in mechanical watch movement technology. 1968 was also a good year for our accounts as we achieved a sales figure of CHF 11.4 million, a 35% increase over the previous year’s figure. We again paid out a dividend of 15% and also added CHF 100,000 to our reserves.

In January 1969 our Board of Directors, still keeping a beady eye on our liquidity position, decided to increase the company’s paid-in capital from CHF 370,000 to CHF 570,000, the additional funds being paid in by some members of the Board. However, we all realised that this system of self-financing which had served us well in the past had its limits and, as a small group of shareholders, we simply could not provide the volume of capital that was going to be needed to secure the company’s successful future development. We now started discussing the possibility of going public and becoming a listed company,

with our shares traded on the open market. In general, we were very confident about the future and I had a quiet feeling our new self-winding wrist chronograph was going to be not only a sensation but also a commercial success.

We agreed with Breitling to fix the official launch date of the Calibre 11 movement – and our new chronographs using it – for 3 March 1969, and we wanted to make sure we had a very successful and professional product launch. From Heuer we would be unveiling three new models using the new movement: self-winding versions of the “Carrera” and “Autavia” and our revolutionary-looking “Monaco” in the square case. As part of our product launch strategy we decided to hold press conferences simultaneously in New York and Geneva. We drafted a common technical press release about the revolutionary new movement and then we each prepared our own press packs for the new models we were launching.

On 10 January 1969, however, I opened my local newspaper and nearly choked on my coffee. There was a small news item reporting an announcement by the Swiss watchmaking company Zenith to the effect that they had developed the world’s first self-winding chronograph called “El Primero” and, furthermore, that they had a working prototype. We quickly called a meeting at our office to discuss how to react. In the end we decided simply to ignore the story because by then we had already received a delivery of one hundred working models of our new Calibre 11 movement which we had distributed amongst ourselves. Heuer-Leonidas and Breitling each received 40 movements and the Buren-Hamilton group and Dubois-Dépraz received ten each for additional testing. Looking back, I think this was a smart decision as the preparations for our press conferences in New York and Geneva were in full swing and we had only a few weeks to go.

Monday, 3 March 1969, soon arrived. Our press conference in Geneva took place on the top floor of the Hotel Intercontinental and Gérard F. Bauer, the President of the FH [Federation of the Swiss Watch Industry], kicked off at 5 p.m. with some very kind words praising the joint cooperation behind the Calibre 11 project. Other speakers were Willy Breitling, Hans Kocher from Buren-Hamilton and myself. We gave a technical sketch of the revolutionary new movement, unveiled our respective new products, referred journalists to our press packs and then opened the floor to questions. I don't remember any journalists quizzing us about the Zenith story from January; perhaps they had missed the report which, I believe, was carried by only a few regional newspapers such as the *Journal du Jura*.

At exactly the same moment, which was 11 a.m. in New York, the other press conference got underway at the top of the PANAM building in Manhattan. The President of the FH's office in the US, Mr. Savary, opened and chaired the event. Our panel included the Swiss Consul General in New York, our lawyer Bill Koegel, and our US Country Manager Doug Grewer.

Following these two press events, the world's horological trade press realised that one of the last remaining major problems in modern watchmaking had been solved. Four weeks later, at the huge Watch and Jewellery Fair in Basel, both Heuer-Leonidas and Breitling each had 40 working samples to show, while Zenith displayed only one or two prototypes.

## Seiko starts to give us a hard time

While looking after the Heuer-Leonidas stand at the 1969 Basel Watch and Jewellery Fair, I received an unexpected visit from Mr. Ichiro Hattori, the

President of Seiko. Seiko also produced chronographs and was of course one of our competitors. Mr. Hattori told me he wanted to compliment us on our technical breakthrough and I was naturally very flattered. He kept a poker face and gave no indication whatsoever that Seiko had developed its own self-winding wrist chronograph. However, in 1969, its first year of production, Seiko's chronograph was sold exclusively in Japan and in limited numbers only. Seiko had a smart rule of first testing out new products in its home market before exporting them as this allowed them to correct any defects and fine-tune the products before selling them abroad. The launch of the Seiko chronograph on the world market in 1970 immediately had a negative effect on our own sales since their model sold at nearly half the price of ours.

A few years later, the Japanese were to bring sales of our new chronographs to a virtual standstill in the US. In the early 1970s the international monetary system switched from a system of fixed to floating exchange rates. Japan, however, had pegged its currency to the US dollar and thus continued to enjoy a fixed exchange rate vis-à-vis the greenback. At the same time, the Swiss franc appreciated against the US dollar and this made Swiss exports to the US much more expensive. In the Heuer-Leonidas world of stopwatches and chronographs our retail prices in the US were to more than double and our products would no longer be competitive.

However, in 1969 these and other storm clouds were not yet on the horizon. We finished the year with record sales of CHF 15.2 million, 34% more than in 1968, and by now we were employing 278 people in our three factories in Switzerland and two subsidiaries in the US and UK.

## How not to fire a manager

Firing a member of staff, especially an executive, is never pleasant but sometimes just has to be done. In 1968 we had noticed that Doug Grewer, our US Country Manager, had a serious drinking problem that was getting worse. Before this problem started he had been a great asset to the company, but by the latter part of 1969 things had developed to the stage where we decided he had to go. We used a headhunter recommended by a friend of mine to begin the search for a replacement and I specified that we were looking for someone with an Ivy League background who had an extensive network of connections throughout the US. The headhunter discretely began his search in the autumn of 1969 and, after interviewing several potential candidates, I chose George J. Keyko, a Yale graduate who had worked at Bulova and then at Remington, the famous manufacturer of electric shavers.

In a way, I had some sympathy for Doug Grewer because I suspected some personal issue was at the root of his problem. I had a meeting with him in December 1969, during which I calmly explained the position in the nicest possible way and gave him three months' notice, saying I would be back in New York in March 1970 to supervise the handover to his successor.

One evening in early March 1970, about a week before I was due to return to New York to help George Keyko settle in, I was at home in Bern when I got a phone call around 10 p.m. from our banker at Chase Manhattan in New York. He asked me if it was OK to honour a check written by Doug Grewer withdrawing USD 20,000 in cash from our account, which then had a balance of USD 21,500. Of course it was not OK. I thanked the banker for calling to check and instructed him under no circumstances to allow the withdrawal of funds.

Not surprisingly, my meeting with Doug Grewer a few days later in New York was rather tense and I handed over a check for the sum we owed him according to his employment contract. I had learnt a lesson on how not to fire an employee in the US. I subsequently had no further contact with Doug, but heard a few years later that he had passed away.

### Moving our US office from New York to New Jersey

Shortly after starting with Heuer Time Corporation in New York, George Keyko suggested moving our office from New York to New Jersey. As he lived in Westfield, New Jersey, he argued he would gain two hours of working time instead of wasting it commuting. Furthermore, our office rent would be much lower than in Manhattan and there would be less risk of robbery. He had a point there. The previous year we had come to our New York office one Monday morning to find that our entire stock of stopwatches had been stolen by robbers without anyone seeing or hearing anything – and this over a weekend in the middle of Manhattan! Fortunately we had locked up all our really valuable chronographs in a large safe and they were left untouched. Our insurance company compensated us for the loss of the stopwatches, but nevertheless the experience left us feeling rather uncomfortable.

George had already found a newly-built two-storey building in Springfield where we could take over the entire first floor and we decided to go ahead with the move. One consequence was that we had to find accommodation to house some of our staff who had followed us from New York out to Springfield, so it turned out to be rather an expensive decision. Forty years later, TAG Heuer is still located there, but naturally in new and much larger premises.

## A place in the mountains

As a passionate skier, I wanted my children to learn to ski while they were still very young. From 1965, therefore, we used to rent an apartment in Gstaad for a month during the winter but after two years of this arrangement we started looking around for a piece of land on which we could build our own chalet. A friend of mine from student days had heard about our plans and invited us to share a piece of land he had discovered for sale but which was too large for him to use on his own.

Leonarda and I loved the location which was just outside the village of Gstaad on a hill from which one could ski down to the ski-lift. We decided to join my friend in this venture and split the cost of the land, which in those days was still reasonably priced. We then commissioned a young architect to draw up plans for our chalet and started planning the financing. Leonarda had an inheritance from her father, who had passed away the previous year, and I had put aside some savings which, combined with a mortgage, allowed us to go ahead. As my friend and I were both building our chalets simultaneously we decided to use the same building company which offered us an attractive price reduction. We christened our chalet “Lokissa” and held a house-warming party in it over the Christmas of 1969.

This chalet has played an important role in our life. From it we could watch our children all becoming excellent skiers, and between 1970 and 1980 I used the chalet every year to accommodate the management team from our Bienne factory for our annual strategy meeting, which lasted three or four days. Later, during my difficult years in the 1980s, we were able to let it every skiing season for a good price. For some years now we have taken to

### Chapter III: Working Hard

spending the entire winter from Christmas to Easter in our chalet in Gstaad and we very much appreciate the opportunity to live in this beautiful corner of Switzerland.

## Chapter IV: Building the Brand | 1970 – 1974

Heuer-Leonidas goes public — Steve McQueen, *Le Mans* and the “Monaco” watch — A lunch with consequences — Successful new products in 1970 — Our 1970 seminar in Gstaad — The entire Swiss Alpine Ski Team wears Heuer chronographs — A perfect beginning to 1971: Manuel Heuer is born — A fast ride to Geneva and a memorable flight to New York — Meeting Enzo “Commendatore” Ferrari — The Heuer “Le Mans Centigraph” becomes a must-have in Formula One — Spending the summer on an Executive MBA — *Le Mans* has its 1971 première in Bienne — My first visit to Silicon Valley — Jo Siffert dies — Two major test tracks are equipped with Heuer timing equipment — Firing a person in New Jersey can have unexpected consequences — Business takes off again and we achieve a new sales record — Buren Watch Company closes in 1972 — Brand accessories help brand recognition — IMEDE (IMD) conducts a case study of Heuer-Leonidas — “Easy Rider” wrist chronograph is a flop — Luca Cordero di Montezemolo and Ferrari — Another hard lesson: our beautiful desk clock — Reorganising our distribution in Japan — Our own subsidiary in Germany: Heuer Time GmbH — 1974: Not a great year for me or the company — ACIT: Revolutionising Formula One timing — The story of the Heuer Microsplit

### Heuer-Leonidas goes public

In 1969, Girard-Perregaux, a venerable Swiss watchmaking company whose history dates back to the late eighteenth century, went public – the first Swiss watch company to do so successfully. During our board meetings at Heuer we had often discussed the possibility of going public as a solution to our liquidity problems, and the successful example of Girard-Perregaux inspired us to do the same thing. Under Walter Ryser’s guidance, the lawyers of the ATAG (*Allgemeine Treuhand AG*) in Bern started with the preparations. At this time in Switzerland “going public” was an innovative, almost avant-garde way of raising capital and it was certainly new territory for the smaller banks. We selected four banks to do the underwriting: the Swiss Bank Corporation in Basel; Armand von Ernst in Bern; Guyerzeller Zurmont in Zurich and Hentsch & Cie in Geneva. The partners of Armand von Ernst and Hentsch were cavalry friends of my father; Walter Ryser was also the lawyer for Guyerzeller Zurmont and the Swiss Bank Corporation’s branch in Bienne was our regular bank.

Before going public we had taken a series of full-page advertisements in two major Swiss daily papers, the German-language *Neue Zürcher Zeitung* and the French-language *Journal de Genève*, explaining who we were, what we made and what our plans were. This professional advertising campaign, masterminded by a top Zurich advertising agency, was a key factor behind the success of our initial public offering.

On 24 April 1970, 4,000 ordinary shares each with a nominal price of CHF 250 were placed on the Swiss market at a price of CHF 925 and were oversubscribed three times. These 4,000 shares raised over CHF 3.5 million in new

capital. Our total capital was now 10,000 shares with a nominal price of CHF 100 held privately by the partners and the 4,000 publicly-traded new shares which gave a tremendous boost to our equity. To our horror, however, the very next day after the initial public offering closed the stock market began to fall and over the following twelve years our shares never managed to exceed or even recover their 1970 issue price!

Our prospectus had shown clearly that in some areas Heuer-Leonidas was market leader with sales in 1969 of 375,000 pieces. In lever stopwatches our market share of Swiss exports was 39%; in pin-lever stopwatches 28% and in wrist chronographs approximately 10%. The new infusion of capital allowed us to undertake several projects we had delayed as a result of our limited liquidity position. We finally bought the Leonidas factory building in Saint-Imier which up to then we had been renting. In Bienne we were able to rent the last remaining floor in our building and we found suitable premises for our growing electronics division quite close to our headquarters at rue Vérésius 18, near Bienne's main railway station. We also bought the Sportex stopwatch assembly company located above Melide in the canton of Ticino and which still belonged to Mr. Jeanneret of Leonidas. In effect, we were buying market share.

### Steve McQueen, *Le Mans* and the “Monaco” watch

As mentioned in Chapter III, I had recruited Don Nunley, a property master in Hollywood, to help me with my early efforts at product placement in Hollywood films. In early June 1970 he called me from Hollywood and said: “Jack, I have some good news for you. I have been appointed property master on



Steve McQueen during the filming of *Le Mans* (1970).

the film *Le Mans* which will star Steve McQueen as a racing driver. But now I need much more than a few chronographs. I need stopwatches, timing boards, large pocket chronographs and any other timing paraphernalia you can think of that's used in motor racing. But I need to have all this within the next ten days as we start shooting at Le Mans in a week or two."

On hearing the name of the King of Cool connected with stopwatches my ears went up like flick knives and I immediately sprang into action to get all this equipment ready and crated for shipping to France. However, since these watches and timing devices had not technically been sold it would have taken me too long to get the export papers required for what would in effect be just a "temporary import". I instructed our driver simply not to declare them at the border when crossing into France. The driver, Gerd-Rüdiger Lang, had asked to work for us to improve his knowledge of watchmaking in general and chronographs in particular. He was a very nice and talented person and I was planning to send him to our US subsidiary on a temporary US visa. This had turned out to be impossible, since in our case these special US visas were issued only to Swiss citizens and Gerd-Rüdiger was German.

Anyhow, I gave Gerd-Rüdiger cash for his travelling expenses and he set off for Le Mans in his own car loaded with our equipment. He was of course stopped at the French border and had to hand over most of his travelling expenses to pay customs duty and a fine. But he arrived safely on time on the film set in Le Mans and delivered all the props to Don Nunley. He also got to meet Steve McQueen and returned safely to Bienne.

About 10 days later I received another phone-call from Don Nunley who said: "Jack, this time I've even better news for you. We've finished the trial shots and will start shooting for real tomorrow. Steve McQueen is going to wear one of your "Monaco" wrist chronographs and will also wear the Heuer logo on his overalls. But I have a problem: what shall I do with the watches when shooting is over in about three weeks' time?" Delighted with this good news, I thought for a moment and had nightmare visions of the customs hassle if we attempted to bring back the watches we had "smuggled" into France. I told Don he could give the watches away as gifts.

As I was not present at the moment when Steve McQueen chose to wear a Heuer "Monaco", I have to draw on hearsay from Don Nunley and Derek Bell, the British racing driver who also took part in the filming. The film company had hired two professional racing car drivers to coach McQueen to drive the unbelievably-fast Porsche 917. One was Derek Bell and the other was Jo Siffert, who was under contract with us. McQueen and Siffert got on like a house on fire, perhaps because they had both started their lives in humble circumstances and had gone on to become superstars in their respective professions. The day before shooting was due to start, one of the film's production executives, Robert Rosen, went up to Steve McQueen and said: "Steve, tomorrow we start shooting for real. So far you've worn several types of racing overalls but now you've got to settle on how you want to look." Apparently McQueen pointed towards Jo Siffert and said he wanted to look exactly like him. Siffert then ran to his caravan to fetch one of his white racing overalls which had the Heuer logo on the heart side and handed it to McQueen. Then Don Nunley went up to McQueen and said: "Now you have to chose a watch – here's a nice Omega!" Apparently McQueen

then handed the Omega back to Nunley, saying: "Not an Omega, they might use my name", and instead he chose a Heuer "Monaco", never having heard of us. Don Nunley says he had to offer the "Monaco" because it was the only watch of which he had three identical models. He needed three because one model would be used in the live racing shots, one would be used in the still photography and one was needed as a spare in case the others got damaged. Furthermore, if Jo Siffert's racing overalls were emblazoned with a Heuer logo, film continuity demanded that the driver should also sport a Heuer chronograph on his wrist!

The film company was delighted with the watches and timing equipment Heuer had provided and invited me to visit the film set at Le Mans. I flew to Paris Orly where they had sent a twin-engine Beechcraft private plane to pick me up and fly me to Le Mans. There I was given a tour of the set but unfortunately did not meet Steve McQueen as he had a day off and was exploring the surrounding French countryside on a motorbike. I did, however, have lunch with the film crew and sat next to Elga Andersen, the beautiful German actress who played the leading female role in the film.

A few days after returning from this visit I got another call from Don Nunley. This time he was in a panic because he had given away the watches to key members of the film crew and McQueen had noticed this and had flown into a rage, saying Nunley had misused his reputation. Nunley then got out of this argument by saying all the people had bought the watches at a special reduced price. He was going to send me a fax with the names of all those to whom he had given watches and also specify the type of watch. He asked us to make out invoices at token prices and to fax them to him immediately. We did exactly as Don had asked and in the following days checks for

30, 50, 70 etc. dollars trickled in from those members of the film crew who had bought our watches. Unfortunately it also meant Steve McQueen went away not too happy about this incident involving Don and our company (But see Chapter IX, “The 1996 public offering and the 1999 sale to LVMH”).

In July 2012 I was staggered to read that the “Monaco” watch worn by Steve McQueen for the still photography was sold at an auction of Hollywood memorabilia at a hammer price of USD 650,000. I believe this is the highest price ever paid for a Heuer timepiece!

## A lunch with consequences

Jo Siffert was now acting as our Brand Ambassador for the second year and we noticed we were getting much more publicity through him than ever before. Even our staff had taken to watching Formula One races and were becoming familiar with the names of the drivers. One day I got an unexpected call from one of our managers who had spotted Swiss racing driver Clay Regazzoni having lunch with executives from our competitor Longines in one of Saint-Imier’s better restaurants. I was stunned, thinking Longines was now planning to enter Formula One racing as well – a move that would have taken some of the shine off our own efforts. I then thought about how we could discover what Longines was up to. Regazzoni, who was then driving for Ferrari, had as his race director a Swiss man called Peter Schetty. By chance Schetty was also a member of the Swiss University Ski Club (SAS) so I called him at once and asked him what the story with Longines was all about. He told me Enzo Ferrari, known as *Il Commendatore*, did not trust the French timing crews at Le Mans and was looking around with a view

to obtaining his own equipment. I suggested he might also like to consider Heuer and added that I had a top electronics engineer by the name of François Prinz who happened to speak excellent Italian. Peter Schetty registered all this and on 16 December 1970 our engineer François Prinz visited the Ferrari factory at Maranello near Bologna, where he met not only Schetty but also Mauro Forghieri, the technical brains behind Ferrari's cars, and familiarised himself with Ferrari's exact requirements and specifications so we could then make an offer to supply suitable equipment.

### Successful new products in 1970

The success of our initial public offering in the spring of 1970 encouraged us to create a historic timepiece: the 18ct "Carrera Automatic" chronograph. The gold content of the case weighed a hefty 52 grams and we produced the pieces in batches of 100. The high gold content made them relatively expensive and we were quite amazed to see them selling so well. In 1971, we started a tradition of presenting one of these chronographs to every new driver engaged by Ferrari, engraved with the driver's name. This also gave a boost to sales. Today, these personalised chronographs remain much sought after by collectors.

Our Electronics Division also launched some new products, including the Heuer "Centigraph" which was developed according to the Ferrari racing team's needs and specifications. This was an electronic timing system consisting of an electronic keyboard and printer. Each keyboard was equipped with five manual push buttons and each button was assigned to a car, so with four keyboards, for example, you could time 20 cars simultaneously.

The timings could be measured accurately to 1/1,000<sup>th</sup> of a second and the results, which included the number of laps, the time of the last lap and total time, printed out on the spot. Our Electronics Division had been restructured and although it was not yet in the black its sales had nearly doubled, accounting for 3.4% of our total consolidated sales of CHF 22.4 million.

## Our 1970 seminar in Gstaad

In 1970, as in every year, we held a three-day company seminar in Gstaad at which our Board members and senior executives could freely discuss management issues and have a general brainstorming session. I discovered during the 1970 seminar that the people in our watch division were having trouble accepting an electronics division which was not yet paying for itself. However, the main take-away point from the 1970 seminar was that we were all convinced the future of our company lay in creating new avant-garde products and possibly even diversifying into products not strictly in the watch field.

Away from business, 1970 was a sad year for me and my family because my father suffered a stroke which left him partially paralysed. He therefore decided to retire from our Board of Directors and to relinquish all his other company duties.

## The entire Swiss Alpine Ski Team wears Heuer chronographs

On a Friday evening in January 1971, I went to Adelboden where the Swiss Alpine Ski Team was assembling for the famous Giant Slalom. I met the team in a restaurant we had reserved and congratulated them for their great per-

performances in the past and wished them all the best for the coming season. I presented each racer and the trainer with a self-winding Heuer chronograph, which I said I hoped they would find a source of encouragement. This gesture was well received and today when I bump into former members of the team they still talk about this. My plan was to get a foot in the world of international ski racing as we had new timing equipment in the pipeline which would suit the sport perfectly.

### A perfect beginning to 1971: Manuel Heuer is born

By now Leonarda and I had two children: Fiona, who was now six, and Christoph, who was four. Both were developing nicely, they got along well with each other and, much to my delight, they were both well on their way to becoming good skiers. Leonarda was now expecting our third child, and at this time there was no way of knowing in advance if it would be a boy or a girl. I had always hoped to have another son so when on 25 January 1971 Leonarda gave birth to a boy my happiness could not have been greater. We named him Manuel Claudio, the second name in honour of Leonarda's father.

### A fast ride to Geneva and a memorable flight to New York

I had been in regular contact with Jo Siffert throughout 1969 and 1970, and when I met him by chance at an event in January 1971 we discovered we were both planning to take the same flight from Geneva to New York the following week. I said I was renting a Volkswagen for the trip to Geneva airport and that I could pick him up in his home town of Fribourg and give him a lift. So on a cold Sunday morning in January 1971 I picked Jo up from his

home and told him to sit behind the wheel as I was not going to drive when a professional racing driver was in the car. Jo jumped into the driver's seat, revved up the engine and took the shortest route to Geneva. This was before the motorway had been built and at one point the road wound through a ravine that was still in the shade and where the road surface was very icy. Without the slightest hesitation, Jo zoomed through the ravine at top speed with a grin on his face, sideslipping masterfully round the corners.

We both checked in at Geneva airport and took seats together in business class. Shortly after takeoff the stewardesses noticed that they had a famous passenger – Jo, that is – on board and, as the First Class cabin was empty, invited both of us to move forward. We spent the rest of the flight enjoying good food and champagne and swapping stories while Jo simultaneously flirted with the stewardesses.

## Meeting Enzo “Commendatore” Ferrari

Following the visit of our electronics engineer François Prinz to the Ferrari factory at Maranello in December 1970, we made Ferrari an offer to build a Heuer “Le Mans Centigraph” which its own crew could operate in the Ferrari pits at Le Mans. We quoted a cost of something like CHF 35,000. Enzo Ferrari refused to pay anything and wanted the apparatus free of charge. I then decided to visit Ferrari myself and on 7 April 1971 drove down to Maranello together with François Prinz.

At the factory in Maranello we met Piero Ferrari, the son of Enzo Ferrari. [At the time of writing in the spring of 2013, Piero is Ferrari's Vice-Chairman.] At the meeting we made a proposal to supply Ferrari with a free Heuer

“Le Mans Centigraph” if Ferrari would allow us to place our red Heuer logo on all their Formula One racing cars in a prominent position on the front below the windshield. Piero Ferrari agreed to this and we formalised the deal on the spot in a short written agreement. Piero then led me into his father’s office to get his signature. It was a day of brilliant spring sunshine, but in Enzo’s office the window blinds were down and the room was in semi-darkness. The only substantial light came from a Murano lamp softly illuminating a framed photograph of Enzo’s other son, Alfredo “Dino” Ferrari, who had died of muscular dystrophy in 1956 at the age of 24. The ethereal light in the darkened room together with the tragic story of Dino Ferrari and the strange, almost church-like atmosphere made an impression on me which I shall never forget. We discussed the agreement with Enzo Ferrari, who said it looked in order but hinted strongly that he still needed financial help from us because, he said, “racing drivers nowadays are so expensive”. In short, he wanted us to pay a sum directly to his drivers. Again I asked what we would get in return and after some discussion we reached a supplementary agreement. Heuer would pay each of Ferrari’s two official Formula One factory drivers CHF 25,000 a year and in return the drivers would have to wear the Heuer logo patch on the upper-right side of their racing overalls. In addition, we wanted the drivers to visit our factory in Bienne so we could present them with 18ct gold Heuer chronographs. Both sides agreed to this, and on 7 April 1971 the main contract was quickly amended and signed by me and Enzo Ferrari, who signed with his trademark fountain pen with violet ink.

There was a festive atmosphere as we crossed the road to the famous restaurant Il Cavallino, where Ferrari invited us to an excellent lunch washed down with plenty of the local Lambrusco sparkling wine.

My Italian improves tremendously after a good lunch, and over coffee, when everyone was relaxed and in a good mood, the *Commendatore* had us all guffawing by telling some of the sauciest jokes I have ever heard. Shortly before the 1971 Formula One racing season started, we made sure Ferrari's two drivers came to our factory to pick up their personalised chronographs.

## The Heuer “Le Mans Centigraph” becomes a must-have in Formula One

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When the 1971 Formula One racing season got underway, all the teams came to examine the Heuer Centigraph which had been installed in the Ferrari pits. The Centigraph could time a number of cars simultaneously with great precision and everyone immediately acknowledged the break-through the instrument represented for time-keeping in the pits and also appreciated that the equipment could be operated by the team's own crew. Several teams asked for quotes for their own Centigraphs and we received several orders, including one from British Racing Motors (BRM). We also offered discounts in return for placing our logo on the cars. All this gave a most-welcomed boost to the development and sales of our Electronics Division.

## Spending the summer on an Executive MBA

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By now, well over ten years had passed since I had graduated from university and I was increasingly conscious that the business world was becoming ever more complex. I decided I needed to update my management skills and my conceptual business tool-box, so in July 1971 I enrolled for the four-week Advanced Management Programme offered by the INSEAD business

school at Fontainebleau, near Paris. The intensive programme was tough but fascinating. We often put in 15-hour days and each night we hacked our way through several hundred pages of case studies for discussion the following morning. There was also a lot of excited talk about Silicon Valley and the revolution taking place in the world of semiconductors, and I decided there and then that I would go to Silicon Valley to see what the excitement was all about. I returned home brimming with new ideas which I put on the agenda for discussion at our regular late autumn management seminar.

### Le Mans has its 1971 première in Bienne

Although we were not on the best of terms with Steve McQueen following the spat involving Don Nunley and the “Monaco” watches, we did have excellent relations with the film company making *Le Mans*. We agreed with them that we would ask our agents worldwide - with the exception of the US - to invite their key clients to the local première of *Le Mans* and to put on a display of our products in the cinema foyers. We also made sure the first showing of the film in Switzerland would be in Heuer’s home town of Bienne and, together with the film’s distributors, organised a kind of Formula One camp outside the cinema with several racing cars on display along with drivers and support trucks. We even secured the presence of Jo Siffert and Toulou de Graffenried, another Swiss racing legend, and of course we invited the automotive press. The première was held late morning, and then at lunch-time the entire assembly of racing cars, joined by classic cars and publicity trucks, made a tour of Bienne, roaring through the city’s main streets to the delight of thousands of spectators. The event attracted more onlookers than Bienne’s annual Carnival!

## My first visit to Silicon Valley

Following my brief spell at INSEAD I was determined to see first-hand what Silicon Valley was all about and to understand what developments in solid-state electronics were going to mean for the future, especially the future of watches and chronometers. When I had studied electrical engineering in Zurich in the 1950s, there had been no talk whatsoever about solid-state electronics. We were still playing around with valves, coils, resistors, capacitors, electromagnetic relays, huge transformers and soldering irons. I decided to spend the 1971 autumn holidays not with my family but on a fact-finding tour of Silicon Valley in California.

I stepped off the plane in San Francisco and entered a California then in the last throes of the hippie movement. This was quite an eye-opener for someone used to Switzerland's starchy business world, and I was bemused by the hippie subculture with its flower power, psychedelic music, magic mushrooms, peace signs, bell-bottom trousers, headbands, beaded necklaces, beards and long hair – and by the large number of young people I saw going around barefoot clutching guitars.

I was also somewhat disoriented with regard to my main business because there were dozens – if not hundreds – of small startup companies, each specialising in some aspect of this new solid-state technology. Before leaving Switzerland, however, I had read an article about Silicon Valley in *Business Week*, and the journalist had mentioned a few typical companies so I had some names to start with. This was another new world for me, a world of breadboards, protoboards, etched printed circuit boards, electronic chips and other minuscule components and new technical challenges. Once you

had designed and manufactured a chip, for example, you then had to find a way of bonding its minuscule connections on to a printed circuit board without destroying it in the process, because a chip is a very complex and highly sensitive component. If you were to bring a normal soldering iron anywhere near a chip it would disappear in a puff of smoke.

One small startup company I called on was one by the name of “Intel”. One of its founders, Robert “Bob” Noyce, drove a Ferrari and knew of Heuer. When he heard that I wanted to visit his company he offered to give me a personal tour of the shop floor, which then had a single silicon wafer production line and fewer than 200 employees. With hindsight, if I had then put all my savings into “Intel” stock I would today be a very wealthy man!

This visit really opened my eyes to what was going on and I could see the incredible potential of the industry. At this time you could buy a complete silicon wafer manufacturing company for USD 1 million since everyone was short of money and desperate for private investors willing to risk some venture capital. While in Silicon Valley I was lucky enough to come across an LED chip that I reckoned we could adapt and use in our stopwatches, which indeed we later did.

Two relatively large companies that planned to build watch chips were Fairchild and National Semiconductor, both located in Silicon Valley. One of the very first volume applications they found for a chip was for a watch that needed only 3,600 positions in the memory. Already I could hear claims that the Swiss watch industry was doomed as extremely-accurate quartz-driven watches with digital displays were going to be retailing for USD 19.95.

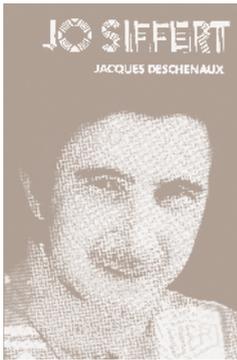
Eighteen months later, exactly as predicted by Moore’s Law [Gordon E.

Moore was a co-founder of “Intel”), the performance of chips doubled, so they started making more complex watches with digital displays showing the day and month. It took chip manufacturers a couple of years to realise that the vast majority of human beings prefer to read time in an analog way with hands showing positions on a dial. This way the time is instantly recognisable and the passing of time can almost be felt as the hands sweep round the dial, unlike in a digital display where your brain needs a moment longer to interpret the information. “Clockwise” and “counter-clockwise” have no meaning in the world of digital displays! National Semiconductor and Fairchild soon gave up their ambitions in the watch industry and focused on calculators and, later, on the first small computers.

I returned home not just profoundly impressed by what I had seen but also quite concerned that Switzerland would not latch on to this new technology fast enough and that the watch industry might suffer tremendously as a consequence. I made an appointment to see Dr. Peter Renggli, the President of the General Swiss Watch Industry Company (ASUAG). Peter had been my leader in the scouts and we had known each other since childhood. I recounted in some detail what I had seen and experienced in California and urged him to buy into one of these companies. If I had had the money I would have invested in one right away. Peter listened with interest, but he was a lawyer and as such was somewhat removed from the technological revolution then taking place. Several years were to pass before ASUAG saw the writing on the wall and finally sprang into action.

## Jo Siffert dies

On Sunday, 24 October 1971, I turned on the radio to listen to the news and was rooted to the spot with shock. The top story was that Jo Siffert had been killed while racing at Brands Hatch in the UK. All of Switzerland was united in mourning and, a few days later, tens of thousands of people, many of them crying, lined the cobbled streets of Fribourg to pay their last respects as the funeral cortège made its way through Jo's home town.



The cover of the English edition of Jacques Deschenaux's biography of Jo Siffert published in 1972.

I really had a personal crisis and asked myself if it was ethically correct for our company to sponsor individuals involved in a sport so fraught with danger. The tragedy prompted me to establish guidelines on how to use racing drivers in our advertising campaigns. I decided not to conduct campaigns based on a single driver, but rather to base them on the cars. There was, however, a poignant irony for me following Jo's death. Just four months after the fatal crash, a biography of him in French "*Jo Siffert, tout pour la course*" was published by the Swiss television journalist Jacques Deschenaux, who had been one of Jo's close friends. The dust jacket of the English version featured a photograph of Jo in his racing overalls, prominently displaying the Heuer logo.

## Two major test tracks are equipped with Heuer timing equipment

Our association with Ferrari made quite an impact in the world of motor racing and one direct result was an order from BMW to install a complete timing

system at its test-track near Munich. This included positioning 64 photocells at intervals around the track so every stretch could be precisely monitored.

Ferrari wanted us to install a similar system at Fiorano, its private race track used for testing and developing cars, but they wanted it free of charge in return for giving us a two-year extension of our advertising rights, which included the right to place our logo on the cars and also on the drivers' overalls. The system we installed there had a large computer display in a separate timekeeping building with visual graphics that displayed every driver's performance over each segment of the 50-segment circuit. In the autumn of 1972 I attended the official opening ceremony of the Fiorano test track and again met the *Commendatore*.

Niki Lauda and Alain Prost both told me recently that when Ferrari's drivers entered the timekeeping building to study the results of their performance they felt as if they were entering a torture chamber. Alain added that for years Fiorano had the reputation amongst professional racing drivers for being the best test track in the world for improving the set-up of Formula One cars.

## Firing a person in New Jersey can have unexpected consequences

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Since his hiring in the spring of 1970, George Keyko, the head of Heuer Time Corporation in the US, had not really brought our US business forward in the way we had hoped and expected. He was very good at talking about his great visions for the future over long business lunches in the nearby Springfield golf club, but no tangible business results had been forthcoming. In short, our Board of Directors decided to replace him. Having learnt a lesson

from the Doug Grewer case two years earlier, I decided to proceed differently this time. The person I needed to run our business in the US had to be someone with a proven track record. It also had to be someone I had known and worked with for some time. So I decided to ask Reinhold “Ronnie” von Gunten if he was ready to take on the US challenge. I had hired Ronnie in 1970 to help George Keyko settle into our new premises in New Jersey. As Ronnie spoke Spanish I had then asked him to look after our sales in Central and South America, something he went on to do very successfully. I could see he was a very competent person and I had complete confidence and trust in him. He could also take on enormous workloads and he later revealed to me that he used to tell his wife I could give him three months’ work in 30 seconds! Ronnie agreed at once to take over the running of our US subsidiary, but on condition that I worked closely with him while he was “running in”.

Ronnie and I flew together to the US and entered our subsidiary’s office in Springfield, New Jersey, on a Monday in late February 1972. I went alone into George Keyko’s office and told him directly, “George, the game is over. We cannot go on this way and I’m asking you to leave. Please give me your keys to the office and safe.” George was stunned, but handed over the keys. I then said, “Thanks, here’s a check fulfilling our contractual agreement in a case like this. Now please take leave of the staff and go”. Ten minutes later George left the office without a word and was never seen again.

When Ronnie and I came to work the next morning, we were in for a shock. Sitting in the executive chair with his feet up on the desk was a hunk of a fellow puffing cigar smoke at the ceiling. He fixed his beady eyes on me and told me he was head of the Teamsters’ Union in New Jersey and that my way of firing was unacceptable. Furthermore, he demanded that our entire staff

of six should vote on whether or not to join a labour union. I replied that we had no intention of firing any other people and that I was now going to contact our lawyers. I called Bill Koegel at the firm of lawyers that represented us in the US and he said that in a case like this we needed his firm's Washington-based lawyer who specialised in fighting unions. Bill told me not to discuss anything further and to go about business as usual.

To cut a long story short: we did indeed hold a vote amongst our staff. Our packer and handyman voted to join the Workers' Union; our telephone operator and a secretary voted to join the Clerical Workers' Union; our Swiss watchmaker wasn't entitled to vote and for some reason our Executive Secretary didn't count. So four members of our staff joined two different unions and ever since then Heuer USA and subsequently TAG Heuer USA have had to negotiate with two unions that have a say in personnel matters.

## Business takes off again and we achieve a new sales record

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1971 had been a bad year for our company, largely on account of the generally negative macroeconomic situation. Our consolidated sales were down 8.6% from 1970's figure, and consolidated profit was down 44%. This contrasted sharply with the steady increases in sales and profits we had recorded in previous years and which we had come to expect. I was more optimistic about 1972 as we had a new line of products ready for launching. In the US, Ronnie von Gunten did an excellent job developing the US market for us. During Ronnie's first year in the US in 1972, I spent one week a month there helping him learn the ropes. He managed to turn the company round

## Chapter IV: Building the Brand

and we saw a 36% increase in sales and, in spite of erratic exchange rates, we managed to end the year with a profit.

On the product side in 1972 we launched the “Montreal” chronograph and our Electronics Division doubled its sales with the launch of a world first: the LED “Microsplit” stopwatch accurate to 1/100<sup>th</sup> of a second. On the sponsoring front, we now had our logo displayed not only on all Ferrari’s Formula One cars but also on BRM’s and Lola’s, and the drivers Jacky Ickx, Ronnie Peterson and Clay Regazzoni were obliged by our contract with Ferrari to wear the Heuer logo on their overalls. Our consolidated sales reached a new record of CHF 23.8 million and we chalked up a record profit of CHF 797,000.

### Buren Watch Company closes in 1972

In 1972 the Buren Watch Company, which had been taken over by the Hamilton Watch Co. in 1968, decided to stop production of watch movements and close its factory. This took us completely by surprise and we purchased all Buren’s stock of parts and tools to ensure that we would have enough components to continue production of movements, at least temporarily, once our existing stock had been used up. I do not remember if we outsourced production of a new batch of movements previously made by Buren, but I doubt it because the economic situation deteriorated much faster than we anticipated.

### Brand accessories help brand recognition

Our sideline production of Heuer logo patches for overalls, windbreakers, T-shirts, sweaters and car stickers developed well above our estimates and

showed that Heuer was being accepted as a brand for car lovers and that we had a growing number of followers.

In addition, 1972 had been a good year for us creatively, with the launch of our “Le Mans Centigraph” for Ferrari, the Calculator Chronograph and the popular “Easy Rider” chronograph. We also decided to try to use our electronics know-how not only in timing equipment for sports, but also in other fields such as photography with the timing of exposures [e.g. the Gretag Millitimer].

### IMEDE (IMD) conducts a case study of Heuer-Leonidas

In 1972 we were approached by the leading Swiss business school IMEDE (*Institut pour l'Etude des Méthodes de Direction de l'Entreprise*). They had been studying our annual reports and felt that our company would make a good subject for a case study. We agreed to receive a team from the school and during their visit they were able to interview our key managers and collect information for a case study that would be used on IMEDE's management courses. The team examined and described our activities in areas such as publicity and marketing, production, distribution, private label sales and electronics. They also examined our management organisation and capital structure and our reasons for going public in 1970.

IMEDE published the results in late 1972 and I was invited to attend the forum in which our case was going to be discussed. I attended “incognito” and took an inconspicuous seat at the back of the auditorium where I could listen to all the comments and suggestions made by the students. The professor chairing the forum then asked, “How do you think Jack Heuer would respond to all your suggestions?” He paused, then continued, “Well why

don't we ask him right now - I can see him sitting at the back." I was invited onto the podium and had a lively discussion with the students which went on for some time.

The students found our company an interesting case and IMEDE's study was taken up by business schools around the world and in 1973 reprinted in the third edition of *Business Policy, Text and Cases* (ed. Richard D. Irwin). For several years afterwards we received plenty of job applications from MBA students around the world, all seeking to work for Heuer.

### "Easy-Rider" wrist chronograph is a flop

In December 1971 we launched our "Easy Rider" wrist chronograph which we thought would appeal to the youth market thanks to its coloured fibreglass case and low price. We also made a "Jacky Ickx" version named after – and signed by – Belgium's star racing driver who was one of the best brand ambassadors we ever had.

The "Easy Rider" used a new chronograph movement made by the *ébauches* factory Bettlach A.G., a pin-lever watch movement manufacturer. It was the world's first Roskopf [pin-lever] wrist chronograph. The launch was a big success, both for the Jacky Ickx model and our own version, and by the end of 1972 the "Easy Rider" was responsible for 9% of our total annual sales.

With the benefit of hindsight, however, it is clear we should have subjected the pin-lever movement to more resistance tests because it was not long before many of the chronographs were being returned to us for repairs. To limit any damage to our reputation as a manufacturer of quality products

we decided to withdraw the “Easy Rider” from our product range. We had planned to produce 20,000 pieces in 1973, and even though Bettlach subsequently improved the quality of the movement the damage had been done and for us the model was dead.

We did, however, keep in mind the idea of a low-priced product that would appeal to Formula One enthusiasts and we came up with the “Easy Rider” helmet clock. The first model was of course a Jacky Ickx helmet clock. We had agreed with Jacky to pay him one Swiss franc for every Jacky Ickx helmet sold. When other Formula One drivers saw the Jacky Ickx helmet many of them, recognising the side-income potential, wanted us to make an individual model for them as well and we went on to produce helmet clocks in the racing colours of James Hunt, Alain Prost, Carlos Reutemann, Jacques Lafitte and Clay Regazzoni, amongst others. Today, these helmet clocks are sought-after collectors’ items and change hands for many times their original price.

## Luca Cordero di Montezemolo and Ferrari

In 1973, during my technical partnership years with Ferrari, Luca Cordero di Montezemolo was appointed personal assistant to the *Commendatore*, Enzo Ferrari. I thought that meeting him could only help our cooperation with Ferrari and I asked for an appointment to see him. I was given a date and was told to meet him at FIAT’s headquarters in Turin, where he still spent part of his time working in the public relations department. So on my next visit to see our Italian distributor based in Milan I included Turin on my itinerary.

A secretary accompanied me to Luca's office on the ground floor of FIAT's main building. Luca, then still in his mid-20s, received me very kindly. I explained the technical cooperation agreement we had signed with Enzo Ferrari. We got along well and when I left to drive home he presented me with an extremely chic leather briefcase which I went on to use for years afterwards. I was touched by this elegant gesture and the briefcase served as a constant reminder of a very stylish man and the meeting we had had. It was also obvious that he had excellent relations with the Agnelli family. I continued to see him after he was appointed sports director of Ferrari and talked with him every time I went to a Formula One race or when I went to Maranello to discuss our cooperation contract with Piero Ferrari.

### Another hard lesson: our beautiful desk clock

In 1973 we launched a mains-operated LED household clock that looked absolutely stunning in its beautifully-designed modernist case. Sales got off to an excellent start, but less than a year later our electronic components manufacturer decided to drop production of the key electronic component used in the clock. That was a hard lesson for us on how quickly electronic components can become obsolete, thereby signing the death warrant for any product dependent on them and leaving its manufacturer having to write off inventories of expensive but redundant stock.

## Reorganising our distribution in Japan

For some time we had not been happy with our distributor in Japan, the famous Swiss company Desco (de Schulthess & Co.). Although they did a relatively good job with our chronographs, they were not really interested in our stopwatch business. Around this time, and quite out of the blue, we received a request from a Japanese supplier of motorcycle helmets and other sports equipment in Tokyo to be the distributor of our helmet clocks in Japan. I decided to go to Japan to visit this man, whose name was Yosuke Saitoh. Mr. Saitoh worked from a rather small attic office in the middle of Tokyo which was crammed from floor to ceiling with his stock. Nevertheless, I intuitively had a good feeling about him and decided on the spot to appoint him distributor of our stopwatches in Japan, while leaving the sale of chronographs to Desco. Japan was our third-largest market and I hoped my decision would turn out to be a good one. It did, and Saitoh-san was to play a big role in the future with Heuer and TAG Heuer.

## Our own subsidiary in Germany: Heuer Time GmbH

We had awarded the distribution of our products in Germany to the sales office of IWC (International Watch Company) in Frankfurt, but the results had been disappointing. Based on our experience in the US and UK, we felt confident it would be a good move to set up our own subsidiary in Germany as well. So based on what we had done in the US and UK, we nominated Hubert Krause, the IWC salesman looking after Heuer, to be our Country Manager and sent our German repairman Gerd-Rüdiger Lang (who had driven our equipment to the *Le Mans* film set in 1970) to take over the repairs depart-

ment of our new subsidiary located in Munich. The company, called Heuer Time GmbH, was incorporated in October 1973 but was only allowed to start selling our products from 1 January 1974, after our contract with IWC expired.

### 1974: Not a great year for me or the company

1974 was a sad year for me as my father passed away on 13 May. I was with him during his last hours and will never forget the moment he died in my arms. He had been partially paralysed for four years following a stroke in 1970, so in a sense his death was a merciful release. Our entire staff in Bienne attended the funeral service because Monsieur Charles, as everyone called him, was highly respected by all his employees. His former cavalry battalion sent a delegation, including the battalion's standard-bearer, to the funeral. My mother, who had spent four years caring for him following his stroke, herself passed away in the late autumn of the same year.

A few weeks before my father died, André Meylan, our Technical Vice-President, had succumbed to the serious illness he had been fighting for a long time. In the UK, Carroll Giblin, who had been head of our UK subsidiary, resigned for health reasons, having been sick for a good part of the previous year. His replacement was John Hubacher, a young sales manager from our factory in Bienne. In 1970 Carroll had moved our UK office from London to Chester, saying office space would be much cheaper than in London and that staff would be available at much lower salaries. One of the first things John did was to move our UK office back to London.

The economic outlook for 1975 was rather gloomy and there was a lot of uncertainty in the air. Our Board of Directors was very concerned and can-

celled both our international sales meeting and our annual staff seminar. It also made drastic cuts in our advertising budget and decided to close a small assembly plant we had in Les Rasses. However, the Board decided we should continue our participation in SITEX, the Swiss Industrial Technology Exhibition in Beijing. Walter Hunsperger represented Heuer at the exhibition and after his return gave a very positive account of his experience. While he had received no direct orders at the exhibition, he was nevertheless convinced the outlook for future business with China was very promising. He was right, as you will see when my story reaches the 1980s!

In 1974, however, we were still lumbered with liquidity problems; we were committed to investing in the diversification of our electronics division on which we had placed great hopes; and our successful “Microsplit”, which was the world’s first pocket-sized LCD quartz stopwatch accurate to 1/100<sup>th</sup> of a second, had to be sold near its production cost to remain competitive. Much to our surprise, our order intake dropped dramatically. Instead of the usual situation where our order-book guaranteed at least six months of future production, at the end of 1974 we were looking at orders for only three months of work. This was not a development affecting our company only: the entire industry was in the same predicament. We decided to cut our staff by nearly 20%.

## ACIT: Revolutionising Formula One timing

In May 1974 I accompanied a team from our Electronics Division to the Nivelles race track in Belgium to present our new Automatic Car Identification Timing System (ACIT) to the world’s automotive press and Formula One offi-

cials. We had bought a second-hand caravan to house the ACIT equipment and towed it all the way from Bienne to Nivelles where we were going to give live demonstrations. The idea at the core of ACIT was quite simple: each racing car would be fitted with a tiny transponder which would send a signal to a receiver on the finishing line, thus allowing each car to be identified and timed accurately to 1/100<sup>th</sup> of a second. The computer would then print out the results, including the fastest lap times and the current race positions of all participating cars. Although this is standard technology today, at the time ACIT was quite revolutionary.

With the approval of Bernie Ecclestone, already then the King of Formula One, we taped small transponders about the size of a packet of cigarettes onto all the cars participating in the Formula One race. We also taped down our antenna cable across the finishing line. The major difficulty we had was taping new transponders onto the cars when they came into the pits because many of them were ripped off when the car collided with another participant or grazed a safety barrier. This kept at least one member of the timing team in each pit fully occupied with sticky tape.

After the race, however, Bernie Ecclestone came up to me and said, "Jack, this ACIT system is absolutely fantastic. I would like you to come on tour with us and time this year's entire Formula One season." I asked if he would consider taking over all or at least a substantial part of the costs, but he replied in the negative. I did some quick mental arithmetic to estimate how many people I would need to operate ACIT from the pits and came to the conclusion that we would need no fewer than ten people. That would have involved too much expense for Heuer-Leonidas and I politely said to Bernie, "Sorry, times are very difficult right now and we have to turn down your of-

fer." I never imagined that 18 years later, in 1992, TAG Heuer would catch up and make the necessary investment to build a Formula One timing system on exactly the same principles as ACIT and become Formula One's Official Timer for 12 years.

We then spent most of 1974 looking for sponsors who would invest in our ACIT system. We placed high hopes in Marlboro as they had become involved in Formula One about two or three years after us and we had even introduced them to key figures in the sport. But Marlboro, too, turned us down. Nevertheless, we remained heavily involved in Formula One as we continued our cooperation with Ferrari, McLaren and Surtees, and with drivers Jacky Ickx, Niki Lauda and Clay Regazzoni. With the exception of our payments to the two Ferrari drivers, the costs involved for us were relatively modest and were mostly covered by proceeds from sales of our timing equipment.

We had now chalked up three years of technical cooperation with Ferrari and, at one of my traditional meetings with Enzo Ferrari in Maranello, the *Commendatore* told me he wanted Heuer to supply and pay for a permanent, personal timer who would attend every Formula One race in which Ferrari was participating. Furthermore, for the purposes of neutrality, it would be made clear that the timer was from Heuer-Leonidas and not from Ferrari.

Already in 1973 I had started to look around for a suitable person and had come across Jean Campiche, a Swiss engineer who, after finishing his studies, was a professional motorbike racer from 1967 to 1972. However, he developed a fear of motorbike racing in view of the many horrific accidents that had happened at a time when guard-rails were more of a danger than an aid. This for me was a very valid reason for him to stop, all the more so

since he had a degree in engineering. [Jean later told me it was lack of money that had prompted him to “jump over the guard rails” into the world of chronometry!] I decided to hire Jean and he joined my company in 1973 at the age of 28. His main job was to be available for the Scuderia Ferrari to look after their timing requirements at Formula One Grand Prix races. He was also responsible for maintaining the timing system we had installed at Ferrari’s test-track at Fiorano. Jean went on to become a legend in Formula One circles and later head of TAG Heuer’s Timing Department. He is now retired, but I contacted him for help with several details for this book.

### The story of the Heuer Microsplit

My first visit to Silicon Valley in 1971 as head of the world’s largest manufacturer of mechanical stopwatches had made me painfully aware that stopwatches employing solid-state electronics were probably going to make our mechanical models redundant. Considering that Heuer was then manufacturing around 300,000 mechanical stopwatches a year and that they accounted for about two-thirds of our annual turnover, I had a hunch that, sooner or later, we would be forced to change our business model.

Instead of waiting to see if my hunch would turn out to be correct, I decided to preempt things by launching the in-house development of our very own electronic stopwatch. In those years, the first chip suitable for use in timing applications was available in LED [light-emitting diode] technology only and it permitted measurements to just one-tenth of a second. In addition, this LED technology required quite a lot of power, which in turn called for a relatively large battery pack.

Nevertheless, by 1972 we had succeeded in launching the world's first digital stopwatch. We called it the "Microsplit" and it created quite a buzz in the market and in the media. Its red, rectangular case designed by our engineering team was the size of about four cigarette packets and it had a flexible sun shade. We sold about 100 of them at an export price of CHF 1,500 each.

A year later, in 1973, we obtained a new chip that allowed timings down to 1/100<sup>th</sup> of a second. We managed to put it in the same case used for the original Microsplit and we added a split-second function. In just one year, however, developments in electronic components technology had advanced so rapidly that the cost of the components we needed had fallen to the extent that we could reduce our export price to around CHF 850.

In 1974, the famous German industrial designer Richard Sapper was able to squeeze all the components of our LED Microsplit into a slim, very stylish black box. Our Microsplit now looked spectacular and indeed it was included in New York's Museum of Modern Art (MoMA)'s exhibition of good modern design. Meanwhile, further reductions in component costs as well as the rise of competition from US manufacturers forced us to drop our export price below CHF 400. In just three years the price had fallen by more than two-thirds and it was becoming increasingly difficult to make a profit in this fast-growing product sector. In addition, we had to start drawing on our stock of lower-priced key components well before our stock of higher-priced components had been exhausted.

One serious drawback of LED stopwatches was that their display screens were difficult to read on sunny days, and the end-user price of around CHF 1,000 was still about four times the price of a mechanical stopwatch. It was

only around 1978 when a CMOS LCD (liquid crystal display) stopwatch chip custom-made for us in Silicon Valley was delivered that we were finally able to solve outstanding technical problems and come up with a product that could gradually replace our mechanical stopwatches. Richard Sapper came up with another design triumph for us, and our LCD Microsplit was selected as the official stopwatch for both the 1980 Winter Olympics at Lake Placid and the Summer Olympics in Moscow. This Microsplit had an export price of CHF 94 and did rather well in the market. However, hot competition from the US in “no-name” digital stopwatches continued to exert tremendous pressure on our prices.

As we had sold our Heuer Microtechnic (HMT) electronics division at the end of 1979, we decided to no longer have our Microsplits manufactured by HMT and instead farmed out their complete production to Integrated Display Technology Ltd. (IDT) in Hong Kong [see Chapter VI “*1979: Another bad year but with some hope for the future*”]. This enabled us to fine-tune the price of the Microsplit down again to match the prices of US-manufactured “no name” electronic stopwatches.

The catalogue of Heuer stopwatches published in the spring of 1981 – the last such catalogue published while I ran the company – shows 15 different models of electronic LCD stopwatches and two LED models alongside 70 different models of mechanical stopwatches and ten dashboard or table-top stopwatches. This catalogue was probably the last of the genre and in a way marked the end of an era.

Competition, however, remained unrelenting and the market forced us to lower our prices even further. While an export price of CHF 94 was still com-

petitive in 1978, by 1982 the price had dropped to CHF 35. At this price level electronic stopwatches were clearly cheaper than any mechanical version and the death knell for mechanical stopwatches was now ringing loudly, both in our ears and in the ears of all our Swiss competitors. At the same time, the price of electronic stopwatches had fallen to such an extent that they no longer represented a viable business for us. Heuer's post-1982 owners would be forced to cease production of both mechanical and electronic stopwatches and look around for another business model.



## **Chapter V: Tackling the First Problems | 1975 – 1978**

Bad economic outlook for 1975 — Swiss watch exports drop by more than 20% in 1975 — Strengthening our Board — Military matters again — A dirty and unpleasant sales trip — A dangerous adventure in South Africa — 1975: Annus horribilis — Does our future lie in electronics? — A takeover by Rolex Bienne? — A failed diversification — New hope in 1977 — Heuer–Leonidas joins Swiss Timing — Creating the Manhattan Chronosplit — The Kentucky story and suppliers going bankrupt — Our second annus horribilis — New products launched in 1978 help our image but not our sales — A pioneering step forward with the creation of Heuer Microtechnic [HMT] — The Heuer Multimeter: a major electronic innovation fails — A Moscow charm offensive by Swiss Timing — A dramatic year-end result for 1978

### Bad economic outlook for 1975

In the second half of 1974, the Swiss watchmaking sector, already suffering from a deteriorating economic situation, was dealt a further blow when the US dollar slid further in value against the Swiss franc, forcing most importers in the US to hold back on their regular orders. In an effort to give some stimulation to our markets, we created an attractive display unit called the “Heuer Time Center” which carried a small selection of our products, namely three or four automatic chronographs and a similar number of our stopwatches.

We had been extremely careful when drawing up our budget for 1975 because the whole commercial world was expecting a severe recession and we had therefore made provisions for an assumed 25% drop in sales. With exports to over 100 countries on five continents and with relatively little competition, we felt well prepared for what we knew was going to be a difficult year.

In addition, we had launched several new state-of-the-art products which were going to be fully commercialised in 1975. One was our new “Micro-split LED” and we had also launched the world’s first solid-state wrist chronograph, the “Chronosplit”, which combined an LED display for the chronograph part – made possible by our new custom-made CMOS chip – with an LCD using a standard watch chip to show the time of day.

At the end of 1974 our consolidated sales were CHF 26.4 million, which was virtually the same as for 1973. Our net profit, however, had dropped to CHF 290,000 compared with CHF 838,000 for 1973. Again, monetary develop-

ments must be taken into account: in 1973 our average exchange rate had been CHF 3.25 to the US dollar; in 1974 it dropped 20% to only CHF 2.522.

## Swiss watch exports drop by more than 20% in 1975

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For well over a decade, from 1960 to 1974, Swiss watch exports had been growing constantly on an annual basis. In 1975, however, the figures suddenly started to drop and this came as a shock to the entire industry. In 1975, the drop was 22.1% in pieces and 16.6% in value. For Switzerland, the problem caused by the arrival of inexpensive quartz watches – something I had predicted a decade earlier – was exacerbated by monetary issues. When, in 1971, the then US President Richard Nixon cancelled the direct convertibility of the US dollar to gold – part of a package of measures dubbed the “Nixon Shock” – he was in effect signalling the end of the system of fixed exchange rates which had until then been the international norm. The subsequent switch to floating exchange rates saw a sharp appreciation of the Swiss franc, and for Swiss watchmakers this in turn meant our watches became more expensive to the point where they were simply no longer competitive in key markets such as the US. As Pierre-Yves Donzé puts it in his excellent book *“History of the Swiss Watch Industry”*: *“Between 1970 and 1979, the dollar lost more than 60% of its value against the Swiss franc. At the same time, however, Japan continued to benefit from a fixed exchange rate with the United States until 1977....American imports of Japanese watches grew from 17.9 million dollars in 1974 to 26.5 million in 1975 and 52.9 million in 1976. For the Swiss watchmakers, the high cost of the Swiss franc had disastrous effects: it strengthened the lack of competitiveness of Swiss watches on the world market.”*

### Strengthening our Board

In 1974 we had decided to strengthen our Board of Directors, and at our Annual General Meeting elected two additional members with long experience in business and management to help steer the company through the difficult times we saw coming. One was Dr. Theodor Fässler, who had been one of my supervisors when I was a student at the Federal Institute of Technology in Zurich in the 1950s. Now he was CEO of Maschinenfabrik Mikron AG, a long-established company in Bienne which had originally produced gear-cutting machines and tools for the Swiss watch industry, but was now diversifying into other areas of precision engineering. The other new member of our Board was François Milliet, CEO of Galenica, the largest Swiss distributor of pharmaceutical supplies. François had also been my battalion commander in the army and I had been his adjutant for many years. In other words, we knew each other very well and had worked very closely together. During this time I had noticed and appreciated his great leadership skills.

### Military matters again

While I was Milliet's adjutant in the 1960s – I then held the rank of First Lieutenant – I was offered the post of adjutant to the Regiment Commander and the opportunity of promotion to the rank of captain. In view of my business commitments I turned down this offer of promotion, much to the annoyance of the Regiment Commander. Another reason for my refusal was that I did not fancy serving under this particular man. Retribution came in 1967 when I was transferred as a staff officer to a supply regiment where I was bored to tears and started thinking about how I could find a more interesting job in the army.

I remembered that my company regularly received orders from foreign armies for stopwatches and chronographs and, thinking that might be of interest to the Swiss army's military intelligence service, I asked for an appointment with the officer commanding this special subdivision (*Unterabteilung für Nachrichtendienste UNA*), who happened to have been my commanding officer when I did my officer's training. When I met him in 1970 I told him I had something that might be of interest to him. A US military organisation had asked us to develop a stopwatch that would work perfectly at minus 50 degrees Celsius. This was going to be used by special forces on high-altitude parachute drops and had to be readable at night and in conditions of very poor visibility without any possibility of the parachutist misreading the dial. The only way the parachutist could know when to pull his ripcord and open his chute was by timing his fall extremely precisely. Failure was not an option! From the size of the orders our military intelligence would be able to estimate the size of these special forces. After designing a prototype and conducting some quite unusual tests, we managed to come up with a product that satisfied the US military's specifications and of which we delivered several hundred pieces. I finished by saying I was sure similar stories would turn up in the future.

The military intelligence officer listened with great interest and then started working his phones. I was at once transferred to the intelligence service and spent the next 17 years working in a fascinating environment until I was discharged with honour from the army in 1987 at the age of 55, having reached the rank of major.

Another contribution to military intelligence I made during this period involved a rather bizarre order we had received in late 1975 from Angola for

## Chapter V: Tackling the First Problems

more than one hundred of our “Autavia” wrist chronographs. The order came with the stipulation that the backs be engraved with the Spanish words *El Comandante*, obviously referring to Fidel Castro. In November 1975 Cuba had sent thousands of troops to Angola to support a leftist liberation group competing for power after Angola’s independence from Portugal. Assuming that the chronographs were going to be presented to high-ranking Cuban officers, the number ordered would give some indication of the number of Cuban regiments in Angola.

The method of payment was just as bizarre as the order. We produced the chronographs exactly as specified and had them all crated and ready for shipping. Only one thing remained pending: payment. After a few weeks had gone by, the postman delivered a carton containing a huge bundle of unsigned American Express Travellers’ Cheques issued by the National Bank of Angola. We had never received a payment this way before and wondered if the travellers’ cheques had been stolen or even forged. We forwarded them to American Express in Geneva and waited. After another couple of weeks had passed, American Express informed us that everything was in order: the funds would be transmitted to us and we could go ahead with the shipment.

Several years later I attended a client dinner hosted by the American Express Bank in Geneva and sat next to the company’s Chairman, James D. Robinson. Over dinner I told him the story of this strange payment from Angola and to my surprise he said he remembered the case very clearly because he himself had been personally consulted about it when he was then a senior executive with the company. He said he had authorised payment because as a matter of principle American Express honours every cheque it issues.

## A dirty and unpleasant sales trip

Following our business setbacks in 1974 and 1975, I decided to explore the possibility of drumming up business in markets that were not likely to be affected by the international monetary crisis as hard as our US and European markets had been. So on a cold day in October 1975 I boarded a flight to Lagos in Nigeria. We had an agent there – a gentleman of Indian descent – who said he had reserved a room for me in one of the top hotels in Lagos, right on the seafront.

Upon arrival in Lagos our agent was already out on the tarmac waiting for me as I came down the stairs from the plane. In no time I was sweating profusely as the temperature must have been well over 30 degrees Celsius and it was extremely humid. The agent's first words were, "I'm very sorry, but the army has taken over all the nice hotels on the seafront and we are still trying to find a new hotel for you. But first come to my home and meet my family and friends because today we are all celebrating an Indian holiday."

We jumped into his car and drove out to a suburb of Lagos where he had a nice villa. There were about forty Indian people all milling about the house and garden. Inside the house a huge buffet of Indian food had been set out on a table in the living-room. Suddenly the clouds burst and there was a tropical downpour that sent everyone scurrying into the house. I remained alone outside and found shelter from the rain under a narrow overhanging roof, pressing my back up against the wall while holding a glass of rapidly-diluting orange juice in one hand and a sodden samosa in the other. I was exhausted and just wanted to go to bed. Some time later my host found me and said, "Sorry, all hotels are full, so one of the couples here will stay with us over-

## Chapter V: Tackling the First Problems

night and you can take over their room in a nearby hotel.” He then drove me further out into the suburbs and dropped me off at a strange little hotel.

After I had checked in, the very unfriendly clerk at the front desk casually mentioned that there was no running water and that if I wanted water I had to call reception and they would send up a bucket. I then entered my room to find a filthy bed and every available surface covered with packets and jars of Indian spices. When I went to use the bathroom, a huge rat – at least I think it was a rat – jumped out of the toilet bowl and shot into a corner. I tried flushing but nothing happened and, feeling rather disgusted, I called reception and asked for a bucket of water to be brought to the room. Some time later, a man knocked at the door with a bucket of cold water in one hand and he was already holding out his other hand for a tip.

Half asleep, I somehow managed to give myself a cat’s lick of a wash. I put on my pyjamas and also pulled on socks and wound a large scarf around my neck to protect me from any fleas or other bugs that might have been lurking in the bed. I finally dropped half-dead into this bed that had been used by my agent’s friends for several days and slept until my alarm clock rang the next morning. Any hope of breakfast was pure wishful thinking, so I waited for the agent to pick me up to start the first business visits of the day. Before leaving the hotel I asked to have a new room and was told one would be ready for me when I returned. I already had the key to the new room and had taken a quick look. It was indeed a slight improvement on what I had originally been given.

After a long, hot day visiting the Nigerian army’s procurement offices and the Ministry of Sports, and having had industrial-strength Indian curries for

lunch and dinner, I returned to the hotel out in the suburbs and went speedily up to my new room. When I opened the door, I saw crumpled bed sheets all over the place. The hotel had obviously let the room out to prostitutes during the day and I demanded the key of the room I had had the previous night.

The next day I took a flight to Nairobi where I checked into the International Hotel, went straight up to my room and spent half an hour standing under the shower. I then flew on to Johannesburg.

## A dangerous adventure in South Africa

When I arrived in Johannesburg I had a meeting with our agents, Schwarztt Jewellers, a long-established family-owned watch and jewellery importer. Robbie Schwarztt was a few years younger than me and we got along very well. He was quite involved in motor sports and acted both as retailer and wholesaler for us throughout South Africa. We visited his key clients in Johannesburg and I received orders for some of our new products, including our latest sports timing equipment. We then decided to visit a good Heuer retailer in Bloemfontein, one of South Africa's three national capitals. Robbie had a private pilot's licence and suggested flying to Bloemfontein in his plane. I hesitated for a moment, but when he told me he had just won the National Championship for private pilots I felt reassured and agreed to be his passenger.

The next morning we drove out to Jan Smuts Airport, as the international airport serving Johannesburg was then called, and boarded Robbie's twin-engined Beechcraft. As pilot-in-command Robbie took the seat on the left. We took off and climbed 3,000 feet in the most beautiful weather.

## Chapter V: Tackling the First Problems

Robbie, who was also a diamond dealer, wanted to show a client in Bloemfontein a selection of diamonds and he was transporting them in a small cabinet stowed at the back of the plane. Being a diamond dealer in South Africa at this time meant you had the right to be armed and Robbie had wedged a pistol in a holster between our seats.

After we had been airborne for about 15 minutes, we suddenly saw a huge wall of black cloud racing towards us at tremendous speed. Robbie, who knew about this sort of sudden thunderstorm, decided to fly right through it. In a matter of seconds we were in the middle of a storm with ice particles drumming like crazy on the windscreen. Suddenly we found ourselves in an air pocket and the plane plunged so quickly that the pistol was ripped out of its holster and was floating in the air between the two of us. Robbie kept his sang-froid, grabbed the pistol with his right hand and thrust it back into its holster. He then made a descending turn to the right down through the storm until we suddenly popped out of the cloud just a few hundred feet above the ground. The rest of the flight was rather bumpy, but we landed safely in Bloemfontein. That's about all I can remember from this trip to South Africa, but both Robbie and I will remember that flight for the rest of our lives.

From South Africa I flew to Angola and landed in the capital city Luanda, where our agent, a Portuguese gentleman, was very active. The main reason I stopped there was to try to get an order for one of our ACIT (Automatic Car Identification Timing) systems for a new motor racing circuit being planned in the jungle. The FIA (*Fédération Internationale de l'Automobile*) was also planning to make a stopover in Luanda on its way back from the South African Grand Prix in Johannesburg. After I arrived, I was given a tour of the complete circuit of the planned racetrack in a jeep with an

armed guard. The track had just been cut through virgin jungle and it was still rough earth. Unfortunately, this racetrack was never finished and the whole project was shelved.

## 1975 – *Annus horribilis*

As mentioned earlier, in the autumn of 1974 we were very concerned about deteriorating market conditions, and there were signs indicating we were in for a severe recession in 1975. We planned a crisis budget that would allow us to break even, even assuming a 25% drop in sales, but to achieve this we had to make some tough decisions. We cut overhead costs, including laying off staff, to save CHF 4 million; we reduced the headcount from 210 to 143; and we reduced the full-time schedules of the workforce by between 20% and 50%.

Since sales of our Electronics Division were still growing and already represented 20% of our total sales, we switched people from the mechanical stopwatch production assembly over to the electronic modules assembly. We started cooperating with our main competitor, Hanhart, by sourcing some products from them and vice-versa. However, exports of Swiss stopwatches to the US, our key market, dropped by 53% in units and 48% in value, a much stronger decline than anyone could have foreseen. It was mainly our private label clients in the US, clients such as Sears Roebuck, Zales and Trauner, who simply did not re-order as they were still suffering from the weak US dollar and the correspondingly high bills in Swiss francs that were being invoiced by their Swiss suppliers.

Even our sales in Switzerland through our Swiss distributor dropped by 38% and overall our order-book was just getting thinner and thinner. We had a

large inventory, but our clients just ordered enough to cover their most urgent needs and no longer ordered in advance for a few months ahead. Summing up, there was hardly anything positive to report for 1975. Our racing helmet clocks were still selling quite well, so we introduced an alarm clock movement and expanded the range of models available, even making a fully-chromed version. On the electronics front we finally had our own CMOS Custom IC (integrated chip) for our stopwatches with an LCD display.

At the end of 1975 we really felt helpless, lost and frustrated, since sales had dropped by a staggering 40%, far exceeding the 25% we had assumed. Here was a company with a history going back more than a century and with an excellent client base in over 100 countries just balancing on a knife-edge. Even the fact that Niki Lauda, driving for Ferrari, had won the Formula One championships did not help to cheer us up. The year ended for us with a horrendous loss of CHF 1.45 million.

### Does our future lie in electronics?

Our company's dire business situation must have come as a shock to our bankers. For more than 12 years we had recorded constantly-growing net profits, and now here we were nearly CHF 1.5 million in the red. However, our severe drop in sales was par for the course when one looks at how other Swiss watch companies were faring at the time.

My top priority now was to get the company out of the red and back into the black. We made further drastic cuts in overheads and personnel and by the end of 1976 we had managed to reduce our deficit by well over CHF 1 million. The main problem remained the drop in private label business in the US

and the unexpected bankruptcy of our long-standing US client Trauner, who had imported its “Clebar” brand exclusively from us and was the exclusive importer of the Swiss brand “Zodiac”.

The growth in sales of our Electronics Division, on the other hand, was very encouraging. In 1975 the Division had accounted for 11.7% of our total sales, but in the last quarter of 1976 the corresponding figure had risen to 27%. We had invested heavily in electronics by buying so-called “bonding machines”, which allowed us to produce our electronic watch modules in-house. Our staff working in assembly proved to be very adept at working with these new machines, and we were now able to produce the “Microsplit” and “Chronosplit” LCD movements fully in-house, and with growing success.



We introduce bonding machines for in-house electronic assembly (1976).

Furthermore, both Heuer Time & Electronics Corporation (HTEC) in the US and Heuer Time Ltd. (HTL) in the UK experienced encouraging growth in 1976 and delivered decent profits. HTL’s sales grew by 22% and it came very close to breaking even. In electronics, we put great effort into developing electronic versions of traditional mechanical instruments by employing our know-how in the field of miniaturisation to the utmost.

The big picture, however, was that there was industry-wide uncertainty about the future of mechanical watches as we saw sales of cheap quartz watches growing by leaps and bounds. Exports of mechanical chronographs from Switzerland dropped by 25% in pieces and value in 1976 as they battled competition from cheaper electronic chronographs from the Far East.

In our core stopwatch business, total export sales of quality products with

lever escapements continued to drop: over the two years of 1975 and 1976 the drop was more than 40% in units. At our annual management seminar in Gstaad, held in October 1976, we bit the bullet and talked for the first time about a merger and the possibility of finding a suitable partner.

### A takeover by Rolex Bienne?

In the middle of all this drama I received a call from Harry Borer, the Managing Director and part-owner of the Rolex Bienne factory. He was very interested in our leading electronics know-how that was acknowledged throughout the industry and asked me if I and my electronics team would be interested in joining Rolex Bienne. Quite frankly I was stunned, but I realised this could be the *deus ex machina* for my company.

Mr. Borer went on to explain that while Rolex Bienne produced all the Rolex movements and sold them exclusively to Rolex Geneva, Rolex Bienne itself was a private company owned by himself and one or more of his sisters. Rolex Geneva, on the other hand, was a foundation. Before he died in 1960, Hans Wilsdorf, the founder of Rolex, had set up a foundation and had given the rights to the Rolex name to both Rolex Bienne and Rolex Geneva. It was quite normal, therefore, that Mr. Borer wanted his partner André Heiniger, the CEO of Rolex Geneva, to approve his idea of buying Heuer-Leonidas. So Harry Borer asked me to go to Geneva for a meeting with Mr. Heiniger.

What I did not know at the time – and only discovered while preparing this book thanks to a document I found at the bottom of a box that had been unopened for 30 years – was that Rolex Bienne had bought 2,000 of the 4,000 bearer shares Heuer-Leonidas had issued when it went public in 1970.

This meant that they had invested something like CHF 1.5 million in my company. Had I known this at the time, I would have asked them for financial support which, if given, would ultimately have saved their investment and allowed me to retain control of my company. As Mr. Borer did not venture this information at our meeting I can only assume he was adhering to Rolex's well-known culture of secrecy.

Anyway, a few days after Mr. Borer's telephone call I travelled to Geneva to see Mr. Heiniger. He received me very kindly, in Rolex's grand style, and we had a very interesting discussion. Mr. Heiniger stated very clearly that he simply did not see Rolex's future connected with electronics. In other words, he did not approve of Harry Borer's idea of taking us over. As much as I regretted his decision – a takeover would have saved our company – I must, with the benefit of hindsight, compliment Mr. Heiniger on his vision. He was probably one of the very few Swiss watchmakers at this time who was convinced that mechanical watches would survive and indeed flourish. On the other hand, one should remember that Rolex was the only Swiss watch company that had its own subsidiaries in something like 15 countries. This allowed them to hedge and better handle many of the problems of monetary fluctuations that were bedeviling their competitors.

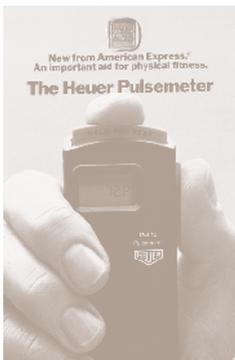
## A failed diversification

I think it is no exaggeration to say that my electronics team and I were probably one of the few watchmaking teams in Europe that had fully understood the potential of solid-state electronics for the watch industry. By the mid-1970s we had established a network of excellent contacts in Silicon Valley, the cradle of this new industry. The head of our Research and Development

## Chapter V: Tackling the First Problems

division went there several times a year, and I went at least once a year, so we were really able to keep our finger on the pulse of new developments.

One of our strengths was that we were always thinking of ways to apply modern electronics to miniaturise existing products. We were naturally heavily involved in creating digital LCD stopwatches and chronographs, but in addition we had created a small pulse meter housed in a Richard Sapper-designed Microsplit case which we thought would be a hit with the jogging community. We had also found the right client for the pulse meter in the US, Bentley, a large medical instrument manufacturer in California with whom we had signed a cooperation agreement. I had visited Bentley several times and had shown them a working prototype of our pulse meter and given them a quote. They in turn had estimated they could do with 350,000 units a year for the US market and a similar number for their international clients. At a stroke we seemed to have found a new market segment totally different from our traditional watch markets. The Bentley people concluded the meeting by saying they just wanted a test report on our pulse meter conducted by a neutral third-party.



American Express was all set to market our Pulsemeter.

Back in Switzerland we prepared a number of prototype pulse meters for testing by the Swiss Federal Institute of Sports at Macolin, near Bienne. Unfortunately, the tests revealed a problem which was unknown at the time. The technical quality of our design was fine, but the tests had identified a physiological phenomenon that sealed the fate of our pulse meter. The phenomenon was then not really well known in jogging circles, but it was easy to explain. As the jogger ran, so blood circulation intensified in the body areas that were working hardest, namely the legs and thighs. When this happened, less blood was circulating

in the arms and hands so the pulses in the hand extremities became very weak to the extent that they were no longer detectable by our pulse meter. Remember that these were very early days for electronic pulse meters and today's instruments are at least 100 times more sensitive. Many joggers today wear gloves to compensate for this phenomenon, but for us at the time it meant that a dream product that probably would have saved us was stillborn.

## New hope in 1977

The year 1977 started for Heuer in a quiet but positive way, but the climate changed radically in the summer when the US dollar dropped 18% against the Swiss franc to reach a new record low of CHF 2. As exporters we tried to ride the storm, but it was very painful. Swiss chronograph exports continued to decline, this time by 16%, and the problem was clearly the exchange rate with the US dollar combined with competition from cheaper electronic wrist chronographs manufactured in the US and Asia and all bristling with fancy new features.

In addition, the old problem of *chablonnage* continued unabated. *Chablons* are complete sets of parts needed for a watch movement, and these *chablons* were being exported to cheap labour jurisdictions such as Hong Kong, Thailand or Brazil where they were then assembled, a process much cheaper there than in Switzerland, where the cost of labour remained relatively high. Even the Swiss firm Ebauches SA engaged in this practice in a policy which undermined the struggling Swiss watch industry. Exports from Switzerland of chablons had long been increasing at a rate faster than the export of complete watches.

In the stopwatch business, exports of lever executions suffered again with a drop of 11%, while exports of lower-quality pin-levers [which employ a pin on the anchor

instead of a jewel) remained steady. Many of our clients had switched from buying the better-quality lever stopwatches to the cheaper pin-lever models. While in the past we had sold only lever versions under the Heuer brand, after some hesitation we decided to sell pin-lever versions under the Heuer brand as well.

In 1977 we managed to complete our turnaround and finished the year with consolidated sales of CHF 23.3 million and a net profit of CHF 380,000. Over the course of the year we had learnt how to handle the US dollar problem in a better way, especially with regard to our US subsidiary. We would make forward purchases of our foreign currency requirements and thereby fix a given exchange rate for a whole year. But we could not do this on behalf of our independent wholesale clients.

We had also developed our own capacity to assemble electronic watch modules with our in-house bonding of chips onto printed-circuit boards and the micro-assembly of the various other electronic components. In 1977, the total sales of our Electronics Division had continued to climb and now accounted for a third (34%) of our total sales.

Our unexpectedly good results following the problematic years of 1975 and 1976 had a nice spin-off in that our banks agreed to extend us a further CHF 2 million in credit, thus giving us a welcome safety net as we continued our expansion.

### Heuer–Leonidas joins Swiss Timing

For years Omega and Longines had been in bitter competition for the honour to be appointed official timer of the Olympic Games, and several times both were pipped at the post by Seiko. So the FH (Federation of the Swiss Watch Industry) suggested creating a company called “Swiss Timing” which

would be subsidised by the FH with the goal of keeping Seiko out of the running. When this became public, I immediately applied for Heuer to become a member of Swiss Timing as well, much to the irritation of the other two Swiss companies. However, the FH was quite pleased to have a third company on board and, as they were partly bankrolling the enterprise, it was in their power to decide who to accept. In 1977 Heuer was accepted and I was immediately appointed a member of Swiss Timing's board.

## Creating the Manhattan Chronosplit

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Around 1976 or 1977 I realised that the future of stopwatches was going to be digital. When you measure a time interval you want precision down to one-tenth or even  $1/100^{\text{th}}$  of a second. An analog display cannot handle such tiny time intervals, but a digital display can show such small units. So the long-term future of a leading mechanical stopwatch manufacturer such as Heuer-Leonidas looked rather bleak. Out of the eight or ten Swiss factories that used to make traditional stopwatches, not one survived by continuing to make stopwatches as a single product. Only one German stopwatch factory, Hanhart, is still producing a few traditional mechanical stopwatches to satisfy the very limited demand for mechanical solutions in places such as Africa, where the use of digital models would be bedevilled by the unreliable supply of batteries.

In 1977, this situation led me to create the "Manhattan" chronograph. This was the world's first "Digiana" [digital-analogue] model and it was extremely



The Manhattan Chronosplit,  
the world's first Digiana.

well received by the market. The only negative point was that we had to use a Japanese Citizen ladies' quartz watch movement for the time-of-day reading, since at the time Ebauches SA in Switzerland did not have quartz movements small enough in their product range.

I have one special anecdote concerning our “Manhattan”. In 1977 Prince Philip came to Bern for a meeting of the International Equestrian Federation, of which he was then President. After the meeting the Federation's committee members held a dinner in Prince Philip's honour, at which they wanted to present him with a Heuer “Manhattan” chronograph that they had selected. I was also invited to the dinner and was asked to present the chronograph personally to Prince Philip. When I did so, he examined it for a moment and said, “Oh, it looks like one of those bloody electronic watches that nobody knows how to use!”

For me, however, the “Manhattan” represented the new generation of chronographs. The digital stopwatch offered a choice of two displays and could even show a second time zone if needed. It really offered everything a serious chronograph user and owner could wish to have.

### The Kentucky story and suppliers going bankrupt

In 1977, our production was severely disrupted when two of our key suppliers unexpectedly went bankrupt. The first, a company called Nortec, had been an under-financed but capable firm based in Silicon Valley and which manufactured a key component used in our digital stopwatches and chronographs. This interrupted our production for a few months until we found another supplier in California.

The other supplier which suddenly went bankrupt was La Centrale, an old established case-maker in Bienne. For years they had been amongst our regular suppliers and we had just given them the order to produce the cases for our new “Kentucky” chronograph. We had designed the case for the “Kentucky” in the form



The Kentucky – one of my favourite designs.

of a horseshoe so the model would appeal to another client segment we were targeting, the horsey set, and its name was obviously chosen to conjure up thoughts of the annual Kentucky Derby. Personally I think this case was one of the nicest models we ever designed for a chronograph. The bankruptcy court authorised us to retrieve all the semi-finished “Kentucky” cases and I will never forget how one of my managers and I entered La Centrale’s gloomy, boarded-up factory to collect the cases. It was a spooky and very demoralising factory visit.

We then took these half-finished cases to another of our case-makers and begged them to finish them. Of course they were not happy to do this, but we insisted and they eventually agreed. When we finally received the finished cases we discovered a fault that caused the integrated bracelet to break off easily from the case and we had to return quite a few cases. We therefore made just a limited number of chronograph versions of the “Kentucky” and they are now much sought after by collectors. But we also used the same case to house a simple digital quartz movement so we could also have a lower-cost quartz watch in our range.

## Our second annus horribilis

In 1978, exports of Swiss pin-lever stopwatches fell by 19%. Exports of mechanical chronographs – our daily bread and butter – had been falling continuously

since 1971, but 1978 saw a decrease of 30%, landing Heuer and many other Swiss chronograph manufacturers in trouble. Exports of *chablons*, on the other hand, grew by a staggering 33% to 14 million sets. The average price of mechanical stopwatches had dropped by 10% – an indication of the tremendous price pressure we were under following the dramatic fall in value of the US dollar. We visited clients in 37 countries who accounted for 89% of our sales and virtually begged for orders, but there was no desire to buy. The screw was given another turn in August 1978 when the US dollar dropped temporarily to an all-time low of CHF 1.47.

At the beginning of the year we had purchased and installed a more powerful computer that we hoped would allow us to have a better overview and control of all our costs and transactions. Unfortunately, it just created a lot of confusion and we spent most of the year trying to get it working correctly. We further reduced our headcount by 25 to 122 and we took over the distribution for our Swiss retail jewellery market, which for two generations had been in the hands of an independent wholesaler. But these and other cost-cutting measures could not help us avoid a heavy operational deficit.

### New products launched in 1978 help our image but not our sales



The Microsplit designed by Richard Sapper.



In late 1977, our beautiful little “Microsplit” in its case designed by Richard Sapper was selected as the official stopwatch of the 1980 Olympic Winter Games in Lake Placid. At the 1978 Basel Watch Fair we also presented our new “Digiana Senator Chronosplit”, a fully-Swiss version of the Digiana chronograph we had launched

in 1977 in a version which used a Citizen quartz movement. By 1978 Ebauches SA had caught up with the Japanese in making small quartz movements for use in ladies' watches and we used one of these Swiss-made quartz movements in the "Senator" while the electronic stopwatch module was made in-house, just like with the "Manhattan". This is probably a good place to observe that Switzerland was only one year behind Japan in producing analog quartz movements in a variety of sizes. The much talked-about "Swiss Quartz Crisis" is alone not a sufficient explanation for the long duration of a very difficult period for Swiss watchmakers. A strong brand can easily survive a one-year technical delay, but not the doubling of its retail prices in a key market like the US.

## A pioneering step forward with the creation of Heuer Microtechnic (HMT)

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On the 29 March 1978, in the middle of all our troubles, we started a joint venture with Eurosil GmbH in the form of a new company called Heuer Microtechnic (HMT). Eurosil in Munich was the European office of a wafer manufacturing company based in Silicon Valley. Eurosil took a 40% participation and Heuer 60% in the CHF 300,000 paid-up capital.

HMT had obtained the rights to a so-called semi-custom chip design, meaning that our own electronics engineers could tape the connections required for the last chip layer. These would then be photographically reduced to produce the mask needed for the chemical processing of this layer. My engineers had learnt the process while helping a company similar to HMT in Silicon Valley which designed our custom-made chips for our LED stopwatches and later also for our various LCD chips.



↑ With some members of the Swiss University Ski Club (SAS) team in La Molina in the Spanish Pyrenees in 1955. L-R: the author; Jean Mounier; Vincent Losinger; Max Steinebrunner.



← Jo Siffert sporting his Heuer "Autavia" wrist chronograph in 1969.



↑ The inauguration of the Heuer timing system at Ferrari's Fiorano racetrack in 1972.

← With Swedish racing legend Ronnie Peterson and his future wife, Barbro, in 1972.



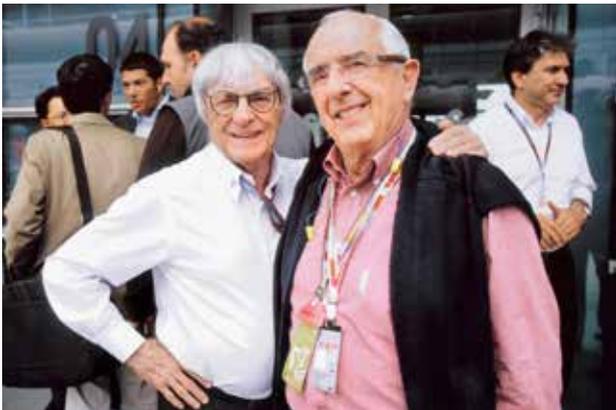
← Greeting Enzo Ferrari at the opening of Ferrari's Fiorano racetrack in 1972.



← With Luca Cordero di Montezemolo, then Enzo Ferrari's personal assistant, in 1973.



← Showing an item from the company watch collection to Niki Lauda and Clay Regazzoni in 1974.



↑ Getting ready to drive a Formula One car for the first time (2005).

← Meeting Bernie Ecclestone after many years at the Chinese Formula One Grand Prix in Shanghai in 2012.

HMT was a real pioneer in Europe and it had only one competitor which was in the UK, so my engineering team and I firmly believed that HMT would be a success and that history would show that our investment was justified. However, my watchmaking team and probably also my Board of Directors as well as our bankers did not fully understand the major technological step that HMT represented.

We also approached the Cantonal Government of Bern's Innovation Fund for a subsidy to support the HMT project, and after sending an inspection team to visit our factory they generously granted us a substantial non-reimbursable loan.

Years later, in 2008, I was invited to Bienne to attend the 30<sup>th</sup> anniversary of HMT, now called HMT Microelectronic SA and a member of the privately-owned HiDensity Group. I had to give a wry smile when I discovered that very few members of staff knew what the "H" in HMT stood for! But HMT had developed as I had hoped and today is amongst the few leading companies in Switzerland that design custom-made chips, has them processed and then delivers them to a very steady customer base. Today they employ around 30 people, most of them highly-qualified electronics engineers.

### The Heuer Multimeter: a major electronic innovation fails



The Heuer Multimeter – a failed diversification.

In its efforts to find other instruments that could be miniaturised thanks to our expertise in custom-made chip technology, our engineering team came up with a design for a multimeter. Multimeters are sensitive instruments equipped with two flexible probes which electrical and electronics engineers use to measure voltage, current and resistance. The one our engi-

neers had designed could measure voltages up to 1,000 volts, current up to two amperes, and resistances up to 20 megohms, and it could present the readings in a digital display. It was housed in a beautifully-designed case and was a real gem of miniature engineering. We named it the DM 2000.

In January 1978 Heuer participated in the famous CES Consumer Electronics Show in Las Vegas and I personally attended what was then one of the world's most important technology-related trade shows. Our digital multimeter was very well received. The people from Fluke Corporation, the leading US manufacturer of electronic test tools, were fascinated by it because it was about one-tenth of the size and weight of the corresponding multimeter that they were producing. They asked if they could be our exclusive worldwide distributor. The price we quoted seemed reasonable to them and they asked us to submit samples so that they could test the instrument for the measurement ranges and precision that we were claiming. They were considering an initial order of 5,000 units.

Alas, trouble was not long in coming. After returning to Switzerland I made a major blunder. We had already ordered the components for an initial series of 3,000 units and I asked my engineers to double the order with the suppliers so we could produce 6,000 units. However, our serial production was then hit by several problems. The most serious one concerned the supply of a key micro-component from a manufacturer in Silicon Valley. This manufacturer never succeeded in producing the component according to the standard of tolerance and accuracy we had specified and he ultimately closed his company. That really threw a spanner in the works as the whole production of the multimeter collapsed because of the disappearance of a key component and we had to write off all the remaining components for the 6,000 units we had planned. This was a devastating blow to our already hard-hit company and our bankers were becoming increasingly jittery.

## A Moscow charm offensive by Swiss Timing

To increase the chances that Swiss Timing would be chosen as Official Timer for the 1980 Summer Olympics in Moscow, Swiss Timing's member companies (i.e. Longines, Omega and Heuer) decided in 1978 to visit the Moscow Olympics Committee in order to establish better personal relations with their officials. Our delegation consisted of Swiss Timing's President, Thomas Keller (a chemical engineer and former Swiss rowing champion); myself as Vice-President; Sepp Blatter (at the time of writing the President of FIFA) who was then Longines' Director of Sports Timing; Mr. Burkhalter as head of Omega's timing team; and Mr. Gasser as the head of the Heuer team.

We arrived in a Soviet Union still under the firm control of Leonid Brezhnev and the Communist Party and we checked into our assigned hotel near Moscow's Red Square. As head of the delegation, Thomas Keller was given a room on the 15<sup>th</sup> floor. As Vice-President I had a room on the 12<sup>th</sup> floor, and our three brand representatives were parked on the 8<sup>th</sup> floor. The lower the status, the lower the floor.

On our first evening we were all invited to a cocktail reception to meet the entire Moscow Olympics Committee. Thomas had instructed us to try to get on a first-name basis with the Russians which in practice meant a never-ending round of toasts, each celebrated with a hug and a gulp of neat vodka followed by a glass of orange juice.

At first I thought this was a fun way to get to know everybody, but after countless *nostrovias* with Vladimir, Nikita, Igor, Boris & Co. I suddenly felt a bit weak in the knees and asked my assistant, Mr. Gasser, to accompany me back to the hotel. We crossed Red Square and Mr. Gasser inserted me into the hotel lift,

asking if I was OK. I remember replying in the affirmative and went up to the 12<sup>th</sup> floor where I had to collect my room key from the elderly lady who acted as floor supervisor. She handed me the key but gave me an inquisitive and rather worried look. I then wobbled to my room and fumbled with the key. The door suddenly sprang open and I tripped on the threshold, fell forward and hit the floor like a drawbridge coming down. My glasses were smashed, my nose bloodied and I felt absolutely awful. I managed to crawl into the bathroom and, after some time there, dragged myself into bed with all my clothes on and fell asleep.

The next morning I had very expensive breath and a hangover that would have felled a horse. Our hosts had organised a sight-seeing excursion for us and I somehow made it to a seat at the back of the bus where I stayed most of the day, deaf to the guide's urgings to view and contemplate the grand achievements of the Soviet system whizzing past outside. But the hangover was a fair price to pay for the good news that came later that Swiss Timing had been awarded the contract to be Official Timer of the 1980 Olympics. Seiko was out! When I got back home, my wife Leonarda took one look at me and burst out laughing, saying, "You look like Karl Malden!" [the late American actor who had a trademark bulbous nose.]

## A dramatic year-end result for 1978

The Bentley company in California had been partly taken over by the FIAT group and they cancelled the cooperation agreement with us for the electronic pulse meter mentioned above ["A failed diversification"]. At our annual management seminar in Gstaad we decided to no longer develop products which did not deliver a good margin or which had a short life expectancy because of the speed of developments in electronics. We also

## Chapter V: Tackling the First Problems

took some very tough measures in restructuring some of our departments and divisions. To make things worse, at year-end 1978 our consolidated sales had fallen 20% to CHF 17.8 million and we were landed with a net loss of CHF 1.45 million.

Another blow was that my uncle and godfather, Hubert Heuer, had died on 21 October 1978 at the age of 77. He had been an extremely talented Director of Sales and knew how to handle all kinds of clients perfectly. Although Hubert had been retired for many years, he still watched and worried about the development of his company, having stayed on the Board of Directors until the very end of his life. I should also record that not once during their lives did my father and his younger brother Hubert have a fundamental disagreement. In our business that is nothing short of a miracle given the highly competitive and fast-changing nature of the game.

## **Chapter VI: Coping with Real Difficulties | 1979 – 1980**

New quartz diving watches are well received — Ending the cooperation with Ferrari — Visiting Jean Tinguely at midnight — The King of Spain proves to be a big Heuer fan — Selling Heuer Microtechnic (HMT) successfully to Grässlin in St. Georgen — Heuer and Bo Derek — 1979: Another bad year but with some hope for the future — 1980: A very critical year — Another blow: an enforced change of calibres by Ebauches S.A. — Some bright lights in the East — Timing the 1980 Olympics with nearly no staff — Selling our timing know-how to Longines

## New quartz diving watches are well received

ISPO is Europe's leading international trade fair for sporting goods and sports fashions, and for several years Heuer had taken a stand at the fair in Munich where we often found ourselves next to manufacturers of skin-diving products. They were mostly American firms and while chatting with their representatives at the 1979 fair I heard about the difficulties that they had buying private-label watches for underwater sports. They had had some bad experiences with watches bought from an importer in New York – in next to no time the watches let in water and they had had to deal with many angry customers.



The 1000 series of diving watches launched in 1979 helped Heuer to recover.

That gave me the idea of trying to enter this market with a range of sturdy, Rolex-style diving watches with quartz movements, which would avoid overusing the winding crown as was inevitable with mechanical movements. To our great surprise our new diving watches were very well received by the market. We could not imagine then that this model – we called them the 1000 Series [today they are known as the “Aqua racer” series] – would be the very watch that was to help the company recover and get back into the black following the takeover by Piaget in 1982.

The following year, we extended the series to four sizes: two large ones for gentlemen's watches and two small sizes for ladies. We also added a special piece to the metal bracelet so it could be stretched to fit over the sleeve of a wetsuit. All four models had a rotating bezel and extra-luminous dials, both features that TAG was to include a few years later in the full TAG Heuer range of sports watches.

## Ending the cooperation with Ferrari

In 1979, as part of the cost-cutting measures recommended by our lead bank, we decided to stop our cooperation with Ferrari as of the end of the year, a move that saved us a few hundred thousand francs a year as we were no longer obliged to pay their drivers or follow their Formula One teams around the world.

I well remember the last instrument we developed for Ferrari. It was an infra-red temperature sensor which could measure the tyre temperature while the car was racing around the Fiorano race-track. This really avant-garde gadget from my engineers consisted of a sensor held in place just a few millimetres from the tyre's surface. The temperature reading was transmitted to a receiver in the pits, where it could be read immediately by Ferrari's engineers.

I drove down to Maranello and personally explained to Piero Ferrari our company's situation and why we had to stop our cooperation with Ferrari. This also meant that Jean Campiche, our Formula One timing genius and PR man, who spent every Formula One season with the Ferrari team, would no longer be at their disposal. Piero said he understood the situation and, as I was leaving, I said to him, "If ever I should recover financially and be in a position to afford a Ferrari, I do hope you will give me a good discount, seeing as how we have worked together for nearly ten years."

## Visiting Jean Tinguely at midnight

In May 1979 I had an opportunity to visit the atelier of the Swiss artist Jean Tinguely under rather unusual circumstances. I had met Jean Tinguely, who

was also a Formula One fan, at Jo Siffert's wedding in 1971. We were sitting at the same table and during dinner Tinguely made a small drawing on a table napkin which he gave to my wife Leonarda. So when we met again by chance one Sunday afternoon in May 1979, as we were boarding a plane to fly from Nice to Zurich, we asked to be seated next to each other. As there were hardly any other passengers this was no problem. We had both been in Monaco for the Formula One racing weekend and had left early for Nice airport to avoid the terrible traffic jams which always formed when the racing finished.

During the flight we talked a lot about "Seppi", as we both called Jo Siffert. Jean had been a close friend of his and was fascinated by the workings of Formula One engines. He lived and worked in a converted farmhouse near Fribourg (Siffert's home town), and during our chat I casually asked him how he was going to get home from Zurich. He replied that, as usual, his assistant had already parked his truck in a parking lot just outside Zurich and I offered to give him a lift there. After landing, we both went to my car in the airport garage and drove to his special parking place where we spent ages looking for his truck, without success. I then offered to drive him all the way home.

The drive to his home and atelier just outside Fribourg took about two hours and we chatted all the way. When we arrived he asked me if I wanted to see his atelier. It was already approaching midnight but I said yes at once. The atelier was in what had been a barn by the side of the farmhouse, and I was able to see many of the objects that he was then working on – some finished, some in the early stages of creation. There was a rumour that he kept an old Formula One racing car in his bedroom and I timidly broached the subject and asked if it was true. "Come and see for yourself!" he replied. We clambered up a narrow wooden staircase which led to his bedroom where

Jean called to his wife, Niki de St. Phalle, who was lying on the bed: "Cover up, but don't worry - it's just a friend!" Jean then pointed to a dark green Lotus standing on a support that raised the back of the car off the floor. I innocently asked if it still worked. He went over to the car, turned on the contacts and the engine roared into life with a deafening noise. He then said with a big grin: "You see, this noise is a great way for me to get a hard-on!"

A few weeks later I received a lovely signed drawing from him, called "Meta.Harmony No. 2, 1979", with a dedication written on the back in funny Swiss-German which said: "*Für Jack Heuer: Merci Mille Time for ze unterhaltsame und lehrreiche Heim Fahrt begleitet. E gruess und uff BALD: Ihr Jean Tinguely.*" [Rough translation: "For Jack Heuer: Thousand thanks for accompanying me on the entertaining and educational journey home. Greetings and until soon. Yours, Jean Tinguely"]

## The King of Spain proves to be a big Heuer fan

In late 1979 King Juan Carlos I of Spain made a three-day state visit to Switzerland and on the last day of the visit he held a reception for selected members of the Spanish community in Switzerland, Swiss politicians, diplomats from the Spanish embassy in Bern and Spanish consul-generals. My wife Leonarda and I knew some of the younger diplomats in the Spanish embassy in Bern very well and we were both invited to the reception, which was held in Bern's landmark Bellevue Palace Hotel.

After passing security, we joined a long queue of people waiting to meet King Juan Carlos and Queen Sofia. Guests were presented to the royal couple by a senior Spanish diplomat who discretely whispered the name and

function of the person in the King's ear. When it was our turn, Leonarda performed the mandatory curtsey perfectly and I shook the King's hand and then found myself hovering around the royal party as we had been amongst the last in the queue. My eyes were drawn to the King's wrist and I noticed he was wearing a black military-style model of Audemars Piguet's Royal Oak watch. Knowing full well that Audemars Piguet had not yet publicly joined the military-style fashion, I deduced that this watch had been custom-made for the King. In a quiet moment I plucked up courage, approached the King and said: "Your Majesty, I see you are a great connoisseur of watches because you are wearing a custom-made Audemars Piguet!" The King was totally startled and, asking the Spanish diplomat in a low voice who on earth I was, was reminded of my name and function. The King, who is 1.90 metres tall, bowed down to me (1.68 metres) and said, "Mr. Heuer, I love your watches! I always wear my "Autavia" when I fly my plane and my brother-in-law [the former King Constantine of Greece] and I use your marine stopwatches when we go sailing. I would love to fit out my new boat with one of your lovely dashboard instruments." He suddenly slammed on the brakes and, after a slight pause, added with just a tinge of embarrassment, "But that was not a request!"

Of course I immediately prepared a nice set of three of our dashboard timing instruments and sent it to the King via the Spanish embassy, along with a covering note saying that I hoped he would accept the gift as a souvenir of his visit to Switzerland. About four weeks later the embassy brought me a signed portrait of the King dedicated to me in his own hand, weeks before the Spanish diplomats received their own signed photos.

## Selling Heuer Microtechnic (HMT) successfully to Grässlin in St. Georgen

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After some delicate negotiations in the autumn of 1979, we managed to sell the majority of Heuer Microtechnic SA to a company called Grässlin in St. Georgen in the Black Forest region of Germany. Grässlin had been founded in 1956 by Dieter Grässlin, and one of their specialities was the manufacture of mechanical time-switches. Dieter Grässlin himself had died in 1976, but in 1979 the company he founded was still family-run and very strong and profitable. I had visited them to put forward some ideas from HMT on how they could make electronic versions of their products. Like us, they were learning to deal with the rapid advance of electronics on their traditional turf and, impressed by HMT's know-how, had contacted us with a view to starting a cooperation. Overall, the sale of HMT to Grässlin yielded a welcome CHF 2.4 million for us in new liquidity.

On 1 January 1980, Grässlin formally took over HMT's 30 employees. We at Heuer were very relieved and hoped that our company would now have a good chance of survival. Unfortunately, when 1979 drew to a close we were facing a loss of over CHF 750,000 and our situation remained critical, but we entered the new year of 1980 with a slimmer structure and a lower break-even point than we had ever had in the past.

## Heuer and Bo Derek

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In the autumn of 1979 I received a request from a Californian company called "Hobie" to design a special watch for the growing number of enthu-

siasts sailing the small catamaran known as a “Hobie Cat”. The company had been founded by Hobart “Hobie” Alter, who had started out making balsa surfboards before becoming famous with his design of a foam-and-fibreglass surfboard in the late 1950s. He then went on to create the popular, easily-transportable “Hobie Cat” sailing catamaran. The success was amazing – Hobie regattas were organised all over the US – and the company established a large factory south of Los Angeles on the Pacific coast.

As I was in any case planning to visit key US clients on the west coast I made an appointment shortly thereafter to visit the Hobie factory to meet Hobie Alter and Paul Collins, his marketing manager. Even though we got along well, for reasons I don't really remember we were not able to reach a deal and I had to return to Los Angeles. Paul Collins said he lived in Los Angeles and offered me a lift back in his car, which I gladly accepted. The trip took about two hours and we chatted all the way. Paul mentioned he wanted to give his daughter a watch for her birthday and asked if there was any chance of a special price on a Heuer watch. I said there was and that I would arrange things with the Feldmar Watch Company in Los Angeles. Feldmar was one of our best clients in California for our stopwatches and chronographs.

I was back in Switzerland when, just before Christmas 1979, I received a Christmas card and a note of thanks from Paul Collins' son-in-law, John Derek. He had visited Feldmar and had purchased a Carrera while his wife, Bo Derek, had bought one of our Aquaracers. Bo Derek was not only the daughter of Paul Collins but also of course the actress who had shot to fame with the film *10* that had been released earlier that year. Also in the envelope were a couple of transparencies which I did not examine in detail but passed on to my advertising manager, asking him to make some

prints. A few days later he came into my office, eyes wide open and with a grin on his face, carrying large blown-up colour prints of a totally-naked Bo Derek kneeling in the sand. The only thing she was wearing was a Heuer "Aquaracer". I later learnt that John Derek had taken the photos of his wife at Lake Powell in Utah where they had gone camping for a week to escape the paparazzi camped outside their home in Los Angeles. We could not use these pictures publicly but we displayed them discretely at our stand at the 1980 Basel Watch Fair – much to the delight of our male clients, many of whom asked for copies.

### 1979: Another bad year but with some hope for the future

My company had been severely shaken and placed in a vulnerable position by developments in 1978 and, quite frankly, the outlook for 1979 was no better. We had to make yet another round of cost-cutting. We decided to abandon the assembly of movement parts that we had purchased from the Buren Watch Company when it folded in 1972. The finished chronographs we had in stock would suffice to satisfy the dwindling demand for mechanical chronographs, but this meant we had to make eight members of staff redundant.

During the spring of 1979 I had an unexpected visit from Raymond and Shirley Chan from Hong Kong. Raymond Chan was an electronics engineer and in 1977 the Chans had founded a small electronics company in Hong Kong called IDT (Integrated Display Technology) Ltd. The first products they designed and assembled were digital alarm clocks using newly-created liquid crystal display (LCD) technology. In 1979 they wanted my comments on an electronic stopwatch that they had developed because, while carrying

out their market research, they had come across our name as the leading maker of stopwatches. While their product did not carry the exact features that I needed, it struck me that its price was incredibly cheap. Later in the year I made a source inspection of IDT in Hong Kong and felt that they could be a good partner to assemble our “Microsplits”. Little did I know then that IDT was to play a key role in my second, post-Heuer-Leonidas career.

By now, Swiss exports of quartz watches had finally caught up with the Japanese and began to grow quite quickly, with an increase of 34% in 1979. But exports of *chablons* also continued to grow apace and reached 20 million sets, or 30% of the entire Swiss production of *ébauches*.

Unfortunately, the future for mechanical chronographs remained dim. Year by year sales of this specialty product had dropped and 1979 saw a fall in sales of 35%, a devastating blow for the industry as electronic LCD chronographs made in the Far East took over the market. The same happened with stopwatches, with a drop of 23% in units and value. In most markets, digital stopwatches were rapidly replacing mechanical ones. Our US subsidiary informed us that in the US alone about 300,000 digital stopwatches had been sold at prices substantially lower than ours. We went on with our cost-cutting and at the end of 1979 we were employing a total of 128 people, including those working in our three subsidiaries, compared with 175 people a year before. In Switzerland we had 78 people on the payroll after 30 members of staff had been taken over by HMT, which was supplying us with the electronic modules needed for our “Microsplits” and “Chronosplits”.

Laying off staff was always a difficult process for me. I would personally explain the situation to each individual and let them go with a handshake

while looking them straight in the eyes. I felt responsible for each one of them and with hindsight I am sure I let many people go too late because I always hoped the situation would improve. More than once in my later career as a business consultant I recommended laying off staff who should have been made redundant much earlier when the survival of the company was at stake. The companies, especially family-owned ones, had been reluctant to cut staff because they, too, always hoped the situation would improve.

Also in 1979 François Milliet, my former army commander and friend who had joined Heuer's Board of Directors in 1974, asked to leave. Nearly ten years later the bank consortium which organised the merger between the SSIH Group (Omega/Tissot) and the ASUAG (General Swiss Watch Industry Co.) in 1983 were to employ him as an expert. We replaced François with Professor Fausto Pelladini, the head of the *Institut de microtechnique* in Neuchâtel, because we really needed someone with electronics know-how on our Board. Then my creative and competent Director of Electronic Research, François Prinz, who had recently got divorced, told us that he, too, wanted to leave the company at the end of the year to start a new life in Silicon Valley, which he subsequently did with great success. However, I had the impression that people were beginning to leave a sinking ship.

Summing up, I would list the following main reasons to explain the increasingly precarious business situation Heuer-Leonidas was facing at this point:

- the latest and most dramatic drop in the exports of mechanical stopwatches, which called for an internal restructuring of our production capacity, something we could not do overnight;
- our margins in mechanical stopwatches, which were under great pressure from the new lower-cost electronic stopwatches from the US and Far East;

- the suspension of production of certain watch calibres, which always meant we were left with substantial quantities of redundant stock;
- our unsuccessful pulse meter and multimeter diversification projects, which had resulted in write-offs of well over CHF 1 million.

### 1980: A very critical year

We started 1980 with a certain amount of optimism. The sale of Heuer Micro-technic (HMT) to Grässlin in the autumn of 1979 and the welcome amount of new liquidity generated by the deal, combined with the drastic cost-cutting measures we had undertaken, helped reduce our overheads by more than CHF 2 million within a year and substantially lowered our break-even point. Our subsidiaries, however, remained problematic. In high-flying markets our subsidiaries were definitely a big asset; in a downturn, however, their small structures made them very vulnerable.

In 1980, exports of Swiss watches had started to stabilise and even increased by a modest 9% in value, but Ebauches SA was still exporting 66% of its entire production in the form of *chablons* (sets of watch parts) to the Far East for assembly. This meant that many watch companies, or *établisseurs* as the clients of Ebauches SA were called, were starved for movements and therefore had to lay off staff.

Exports of Swiss mechanical stopwatches to the US continued to fall as they faced stiff competition from cheaper US-made electronic stopwatches. In all other markets, however, exports of mechanical stopwatches at long last started to increase – for the first time in years – by an encouraging 20%.

## Another blow: an enforced change of calibres by Ebauches S.A.

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In early 1980, Ebauches S.A., which also owned the Valjoux factory, came under tremendous pressure to rationalise production even further and decided unilaterally to stop producing mechanical stopwatches and, in particular, the Calibre 7700 stopwatch movement which had been exclusively developed for Heuer and was the basic calibre used in a wide range of our stopwatches.

We had no alternative other than to replace the 7700 with another stopwatch calibre we were using for our lower-priced pin-lever stopwatch products. This calibre, the 410, was manufactured by an independent company called Baumgartner Frères S.A. in Grenchen, a town east of Bienne at the foot of the Jura mountains and traditionally home to many companies making specialised components for the watch industry.

This change of calibres, which was effectively enforced on us, came out of the blue and inflicted much damage. We had to write off inventories of stopwatch cases and dials and revise our catalogues and advertising material. We had thought our radical cost-cutting combined with slightly better market conditions would allow us to chalk up a satisfactory profit for the year, but this calibre change blow scuppered those hopes and led us to record only a small profit.

After our 1979 deficit, the pressure from the banks increased tremendously and they demanded to take over our accounts receivable, including those of our three subsidiaries, as security. The banks asked me to hand over all

my shares as collateral and they also appointed an expert to analyse our company and judge its chances of survival. This project was supervised by the Bienne branch of our local bank, the Swiss Bank Corporation. I was not in a position to refuse or resist the banks' demands, and at this stage it had not yet really sunk in that I had in effect lost control of my company.

The story continues to get worse. For some years our French distributor based in Paris had left a substantial bill unpaid and we had tried many times to recover what he owed us, but without success. He originally had his office on the top floor of a building in the Rue Saint-Honoré, one of the poshest addresses you can have in Paris. He had inherited the office from his uncle, together with the business of being Heuer's distributor in France, but he subsequently moved his office to the south of France near Avignon, where his father had left him a house. In 1981, I drove down to the south of France together with Willy Monnier, my Head of Finance, in a desperate attempt to recover all – or even just some – of the money this distributor owed us or inventories of our stock he held, but we returned empty-handed and eventually had to write off something like CHF 200,000.

In desperation, I also made another trip to see the owners of Grässlin in St. Georgen in the Black Forest. As they had bought HMT from us in 1979, I thought they might now be interested in taking part in a capital increase in my company. Unfortunately, this too turned out to be a fruitless trip.

### Some bright lights in the East

While this financial drama was in full flow I continued to visit our clients and undertook a long and tiring trip which included Hong Kong, China, Aus-

tralia and Japan. In Hong Kong I not only visited IDT, our subcontractor for electronic stopwatches, but also had a meeting with our agent Desco (de Schulthess & Co.), a long-established Swiss company which, amongst other things, had imported silk from China for more than 150 years. Thanks to their trading links with China they had maintained excellent connections with the Chinese authorities and were finalising the delicate negotiations for a very large stopwatch contract which we were to receive on behalf of a company in the city of Fuzhou on China's east coast. I met Desco's Chinese agent in Hong Kong and made a short trip to Fuzhou with him to thank the Chinese for their large order. After coming out of the airport building at Fuzhou, I saw no cars around other than an old clapped-out Mercedes which was waiting to take us into town. While we were weaving our way through thousands of cyclists on the road into the city, the agent explained that this Mercedes was his old car which he had given to the partner in Fuzhou who was behind the stopwatch order, while he himself had just bought a brand-new Mercedes in Hong Kong.

We had been represented in Australia for some 50 years by an old, well-established company called Willis Brothers in Sydney, but we changed agents and our new man was based in Brisbane. I stayed just one and a half days with him, got a few orders and then went back to Sydney to take a non-stop flight to Japan.

After what seemed like an endless flight from Sydney to Tokyo, I immediately went to see Yosuke Saitoh, who was still working out of the small attic office where I had first met him some years earlier. I had appointed him exclusive agent for our stopwatches, leaving the chronograph sales in the hands of Desco. However, Mr. Saitoh had done so well selling the 1000 series

of our skin-diving watches that I appointed him our sole agent in Japan and informed Desco accordingly. They were quite unruffled as they were also the sole representative and distributor of Audemars Piguet in Japan, most certainly a lucrative activity.

Yosuke Saitoh continued to do an outstanding job with our new diving watches, selling them to a younger clientele via shops in Tokyo's fashion and trend-setting district of Harajuku. Once a product becomes trendy with the Harajuku crowd, it then sells like hot cakes throughout Japan. Mr. Saitoh went on to become one of Japan's top importers of watches and later helped to turn Japan into the TAG Heuer brand's second-largest market after the US.

Back home in Bienne, we were finally able to stop the cash haemorrhage and closed 1980 with consolidated sales of CHF 20.4 million and a net profit of CHF 121,000. We had slashed our headcount down to 74 people in Switzerland and 34 in our three subsidiaries, giving us a total roll-call of 108 staff. In 1980 we had managed to produce and sell 320,000 pieces.

### Timing the 1980 Olympics with nearly no staff

As one of Swiss Timing's partners, Heuer was committed to officially timing the 1980 Olympics, but as we had lost so many members of staff following our radical downsizing we had to shuffle many of our remaining people around to make sure we could fulfil the timing duties which had been assigned to us.

For the 1980 Winter Olympics at Lake Placid we had had only five people,

three of whom had been “loaned” to us from HMT. I myself spent a full day with our timing team so I could watch the men’s downhill ski event. Our timing engineers seemed to have had a great time off duty flirting with the numerous Olympic hostesses. I had an insight into how hard they had been playing when I discovered one bar had invented a new vodka and cranberry juice cocktail which they had dubbed a “Heuer”. Funnily enough, I developed a taste for it and it remains one of my favourite drinks.

For the 1980 Summer Olympics in Moscow we had to do some similar shuffling of Heuer and HMT staff, and we also called in Gerd-Rüdiger Lang from HMT’s Munich office to help. Fortunately, Swiss Timing had assigned us the timing of equestrian events only and we were able to get away with sending a relatively small team. Nevertheless, our participation allows us today to use the prestigious title of “Official Timer of the Moscow Olympic Games 1980”.

## Selling our timing know-how to Longines

By the autumn of 1980, our fight for survival had become desperate. Somehow we managed to sell our entire Formula One timing know-how to Longines in Saint-Imier. The core of the package consisted of our transponder know-how from the ACIT system and its associated software, some other hardware, several patent applications and the Formula One timing contract with Ferrari which meant putting a permanent timing specialist – namely, Jean Campiche – at their disposal for Formula One races. Jean was not actually part of the package, but Ferrari insisted on having him because they felt comfortable working with him. Jean recently told me that from 1981 to 1985 Ferrari’s Formula One cars carried the Longines logo and not Heuer’s.

## Chapter VI: Coping with Real Difficulties

This entire package was sold to Longines for the bargain price of around CHF 90,000. Shortly afterwards, Longines also ran into difficult times and did not develop our ACIT system any further. Longines sold or handed the package back to TAG Heuer around 1986. Formula One timing guru Jean Campiche started working for the new TAG Heuer at the beginning of 1987 and retired in 2009 after a very successful career as head of TAG Heuer's Timing Division.

## **Chapter VII: Dealing with the Watch Crisis | 1981 – 1982**

Personnel matters again — Reducing overheads at our US subsidiary — Closing our German subsidiary — 1981: The beginning of the end starts with positive signs — A new and fatal drama — Trouble with the banks — Takeover poker — Clearing out my office

### Personnel matters again

During 1979 and 1980, several other members of our staff decided to leave our company and were not replaced. Walter Hunsperger, our Director of Sales, was one of them, and his desire to leave was an obvious sign that he was no longer sure about our chances of survival. However, he was to return in 1984 following the 1982 takeover by Piaget to do the same job for another 11 years. We also reduced the rent we were paying for our premises in Bienne by reducing our use of the building to three floors.

Then, in 1981, Dr. Theodor Fässler asked to step down from our Board of Directors. He too, it seemed, now had doubts about our future. In another radical step, our Board of Directors decided to sell off our three subsidiaries (in the US, UK and Germany) because the outlook for them was not looking at all good. This was not such an easy thing to accomplish and by the end of 1981 we had found solutions only for our British and German subsidiaries.

### Reducing overheads at our US subsidiary

Ronnie von Gunten had worked hard to build up our US subsidiary Heuer Time & Electronics Corporation (HTEC) and had an interest in its future, even after he had handed over his responsibilities as manager in the spring of 1979 to John Hubacher, who had also been a successful manager of the Heuer subsidiary in the UK. Before leaving the company in 1979 to become an independent entrepreneur, Ronnie greatly assisted John in settling in and by the autumn he had fully learnt the ropes of his

new function. Around this time I wanted to save more money by reducing the subsidiary's overheads and suggested to John that he should start looking around for an opportunity to outsource our after-sales service department which at the time was being managed by our resident Swiss watchmaker, Hans Schrag.

After a fruitless search for a company that had the necessary qualified staff to take over the service department, John Hubacher suggested to Hans Schrag that he himself should consider taking it over by turning it into his own company. I agreed with this proposal and said Hans could take over the complete department, along with its machine tools, inventories of components, furniture and customer files. I also gave him an interest-free loan of USD 55,000, to be paid back over five years.

Hans joined up with a lawyer, formed a company called Pro Time Service Inc. and moved the whole set-up into a small office in Maplewood, New Jersey, taking four members of the subsidiary's staff with him. His business got a boost in its early years when Hans became the exclusive US distributor for Alge Electronics, an Austrian company founded in 1970 by Oskar Alge and specialising in electronic sports timing and electronic control systems. In 1995, 15 years after Hans formed Pro Time Service, he sold his company to TAG Heuer! But he stayed on until 2008 servicing chronographs and stopwatches.

## Closing our German subsidiary

Meanwhile I had to find a solution for our German subsidiary, Heuer Time GmbH, which since its foundation had been in the black in one year only. Here I was quite lucky because one of our top clients in Munich, the famous

firm Huber Uhren, which owned a building opposite Munich's opera house, was willing to help me. They knew about our difficulties and, with some understanding of our plight, accepted our proposal, took over Heuer Time GmbH and transferred the business to the top floor of their building. They also took on the subsidiary's manager, Hubert Krause, and a young Swiss trainee named René Jakob, but not our after-sales service team because they planned to use the services of Gerd-Rüdiger Lang. While working on this autobiography I contacted Gerd-Rüdiger to hear his own account of how he was pushed into starting his own independent service company.

I had been negotiating with Gerd-Rüdiger in late 1979 when trying to cut overheads in our German subsidiary in Munich. Gerd-Rüdiger himself suggested I should fire him so he could then claim a full year of unemployment benefits, which in turn would give him the time and resources to take a one-year course to become a Master Watchmaker (*Uhrmachermeister*), a recognised qualification and title that would be very handy were he to open an independent repair shop. During this year he could also continue doing occasional repairs for us and, above all, he would have time during the summer holidays to be one of our official timers at the 1980 Moscow Olympics, a job which we would pay him for separately.

In January 1981 Gerd-Rüdiger indeed set up his own independent repair business in the cellar of his home and called it *Lang Uhren Reparaturen*. He had bought our inventory of watch components at a favourable price and, in addition, we threw in quite a few of our unsalable automatic chronographs which had been sitting on shelves and which I thought he could cannibalise for spare parts. Gerd-Rüdiger tells me that my pushing him to become independent was the best thing that ever happened to him.

About two years later, Gerd-Rüdiger re-named his company “Chronoswiss”. The name “Chronoswiss” had been invented a few years earlier by our distributors in Austria, but when they closed down their sales office the name became dormant. Luckily for him, Gerd-Rüdiger was able to register the name “Chronoswiss” in most international markets. He then started producing his own mechanical watches. After several years of further hard work he managed to transform his small company into a successful and quite famous watch brand.

### 1981: The beginning of the end starts with positive signs

The year 1981 started off with positive signs of an upward trend in Swiss exports, both for watches as well as for stopwatches. The figure for the latter had grown by only 6%, but overall some 133,000 stopwatches had been delivered to Hong Kong for the Chinese market and a substantial portion of them were Heuer products.

In March 1981 I made another visit to Hong Kong and mainland China together with our agent, who lived in Hong Kong but had very good relations with Chinese government procurement agencies. In late June 1981 we received an order from Desco (de Schulthess & Co.) on behalf of an agent in Fuzhou, the capital of Fujian Province on China’s eastern coast, for 39,000 stopwatches and a forecast for an additional 50,000 pieces in three versions. These stopwatches were destined to be used in all schools in the province which practised sports and this explained the very large quantity ordered. All these stopwatches used our new Calibre 410 with a lever escapement made for us by Baumgartner Frères of Grenchen (BFG). On 7 July 1981 we

gave the formal purchase order to BFG to supply us with the corresponding number of movements.

### A new and fatal drama

While the Swiss watch industry was taking its traditional summer break during the “Watchmakers’ Holiday” in late July 1981, I opened my newspaper one morning to read that Baumgartner Frères of Grenchen (BFG) had filed for bankruptcy and was closing down. This was just a couple of weeks after we had given them the huge order for movements for the thousands of stopwatches ordered by the Chinese! The knife sticking in our side had been given another twist and I was absolutely shocked. It was as if a car manufacturer suddenly had no more engines to put into its cars. We were under contract to deliver a huge number of stopwatches to China and they all depended on the Calibre 410 made by BFG. Now we really were in a jam.

In an attempt to save the situation, we decided to buy BFG’s stock of components used in the Calibre 410 movement. This gave us a safety net so we could fulfil our contract with the Chinese, but it was very bad for our liquidity position. Yet what else could we do? Other manufacturers dependent on BFG also had their eyes on BFG’s stock so they could fulfil their own orders.

I was thus still left with the problem of finding a long-term solution following the closure and expected bankruptcy of BFG. Since we at Heuer-Leonidas had no manufacturing know-how in this area and no spare capital with which to acquire it, the sole solution was to purchase BFG’s tools and machines and to install them in an existing ébauches factory which had the capability to produce this type of movement and also the capital to buy the

tools and machines needed for its production.

In desperation I contacted Hanhart in Germany. They were our main competitor and produced their own movements. In other words, they had the infrastructure to produce the parts needed for the Calibre 410, provided that they had the appropriate tooling. I asked them if they would agree to participate in a capital increase in our company but they refused.

Since most other *ébauches* factories were by now also in trouble, the only viable Swiss solution for us at that moment was a company called Lemania located in the Vallée de Joux, one of the cradles of the Swiss watchmaking industry. For years Lemania had belonged to the Omega group and had produced Omega's chronograph and stopwatch movements – until Omega decided to close the Lemania factory in 1981 because of the watch crisis. Lemania had then been taken over by an unknown group of investors who had put a certain Mr. Claude Burkhalter in charge. I quickly got in touch with him and we came up with the first draft of a solution.

By September 1981 we had already shipped 16,000 stopwatches to China and had 23,000 pieces on order for delivery in October and November when our agent Desco suddenly informed us that we could not expect any further letters of credit from China in 1981, and specifically not for the 23,000 stopwatches already in the production pipeline. The Chinese had interrupted imports of stopwatches fairly regularly in the past whenever they had a shortage of foreign currency. We tried to stop our production immediately but this is not something you can turn on and off like a tap. It took us a few weeks and we had to lay off several assembly workers.

## Trouble with the banks

This new development threw us into a dramatic liquidity situation. Willy Monnier, our Director of Finance, in whom I had complete trust, made a liquidity forecast and said we needed a temporary additional credit of approximately CHF 250,000. Faced with the China problem – which incidentally lasted only a few months until they had access to foreign currency again – Willy Monnier and I decided to see our lead banker at the Swiss Bank Corporation in Bienne and ask for a new temporary credit line.

The meeting took place on 30 November 1981 and I will never forget it. Our banker's name was Mr. Fritz Köhli. He listened to our request and then without a word got up, walked over to his telephone and called his assistant, a Mr. Knecht. He ordered Mr. Knecht to immediately block all the accounts we had at all six banks that were part of the consortium under the leadership of the Swiss Bank Corporation. This meant we could no longer pay salaries, our suppliers and other expenses without first submitting and justifying every expenditure to the bank. The only petty cash we had access to was in the giro account we maintained at the Post Office, into which Swiss jewellers made payments to settle their bills for the products that they had ordered from us.

Mr. Köhli went on to scold me in quite strong terms, describing my cooperation with Ferrari as “money thrown out of the window”. (In an ironic twist, the Heuer-Ferrari strategic cooperation agreement is today often described by the trade press as having been a brilliant and innovative marketing move!) He immediately set up a task force with the mission of proposing a solution for the restructuring and re-financing of a new Heuer-Leonidas. The task force had to deliver its proposed solution by a deadline of 31 May 1982 and

its members were: Dr. Urs Neuenschwander of ATAG (*Allgemeine Treuhand AG*, our Swiss accounting and auditing company); Mr. U. Knecht from the Bienne branch of the Swiss Bank Corporation; a representative from the Swiss Bank Corporation's headquarters in Basel; the head of the Bienne branch of the Union Bank of Switzerland; and Norbert Schenkel, owner of Roventa-Henex S.A. in Bienne.

Roventa-Henex was a manufacturer of "no-name" watches for private-label clients. They had a good reputation for quality and they produced in large quantities for many Swiss clients and foreign importers who had their own brand. They also supplied all our diving watches, sales of which were now rocketing, and we owed them more than CHF 300,000 in unpaid invoices. Furthermore, Norbert Schenkel had just been invited to join the board of the ASUAG (General Swiss Watch Industry Co.), a move confirming his position as a highly-respected and experienced businessman on the production side of the industry. However, he had no experience in marketing a brand.

It was now December 1981 but our results for the year were only going to come out in the middle of March 1982, around the time of the Basel Watch Fair. When our results were finally available, the members of the task force most probably sat down with our Director of Finance Willy Monnier and prepared the final figures without my knowledge or participation. I have no doubt that I was being deliberately left out of the information loop.

While all this was going on it was my responsibility to find a solution for our unprofitable subsidiary in the UK. Luckily, in early 1982, Neil Duckworth, a good client of ours in the north of England who had formerly run the timer division of the famous jewellers Prestons of Bolton, agreed to take over

Heuer Time Ltd. and incorporate it into his own firm, purchasing our entire UK stock in the process.

I remember very clearly at this time receiving a call from the Cantonal Bank of Bern. They were not a member of our banking consortium but had probably heard about my company's plight through the banking grapevine. They had noticed that I did not have a mortgage on what they called my "large villa" in Bern and they wanted me to sign the property over to them as collateral. I had to correct them by saying I did not own a "large villa" in Bern but had been renting an apartment for nearly 20 years. They were quite crestfallen to hear that. Because they never asked, I did not venture the information that I owned a chalet in Gstaad and had taken out a mortgage for that from the branch of their bank there! That was a lump of luck because this dear chalet was to be a financial lifebelt for me and my family over the next few years, but more about that later.

In February 1982, just when I least needed another problem, I slipped on a patch of ice and tore a tendon in my left ankle. This had to be replaced, so after the Basel Watch Fair I went into hospital for an operation. While I was recovering from the surgery – this was around the end of May – Mr. Köhli's assistant, Mr. Knecht, came to visit me in hospital and showed me my company's financial results for the previous year, explaining how the task force had "cleaned up" the balance sheet. I looked at the figures and to my astonishment saw that the task force had simply valued all our assets, machines, assembly lines, stock, cars etc. at zero in order to bring the corporate value down to zero. The total write-offs amounted to CHF 3.5 million. In other words, the work of four generations – more than 120 years of hard work – was all valued at zero. I could have accepted a write-off of CHF 1.5

million – in my view that would have been reasonable – but by throwing in an additional CHF 2 million they were basically creating a reserve. And to reduce the value of a 120 year-old respected company to zero was nothing less than an insult.

Knowing my own company inside out, I realised that for some reason or other the task force had written off an amount that I felt was completely unreasonable and that in reality there were a lot of hidden reserves left. I could not believe my eyes and immediately said that, given this balance sheet, I myself was willing to invest in the company and that I was going to find suitable partners as soon as I got out of hospital. I even drew up a budget for 1983 and included some additional savings and cost cuts such as lower bank interest rates on our loans if we re-capitalised. I calculated I could bring the break-even point down to CHF 8.5 million in sales. (In 1981 we had had sales of CHF 13 million and had broken even.) My own financial analysis showed that any new investor in Heuer-Leonidas would be investing in a profitable company, something I was already sure of the day I was shown the write-offs and the main reason why I was willing to have my family reinvest.

As soon as I could hobble out of hospital, and while still on crutches, I set out to find suitable investors and was quickly able to raise CHF 1.5 million in new capital. My in-laws agreed to support me with CHF 500,000. Claude Burkhalter, the CEO of Lemania, had immediately seen the manufacturing potential of the Calibre 410 in his newly-organised Lemania factory and agreed to participate to the tune of CHF 500,000. A third investor was Pierre-Alain Blum, the owner and CEO of EBEL in La Chaux-de-Fonds. At the 1982 Basel Watch Fair Pierre-Alain told me and my wife Leonarda, who was helping out

with our Spanish- and Italian-speaking clients: “Jack, I know you need to refinance your company and I don’t want to see yet another family company go down the drain, especially such a famous and reputable brand like yours. I am ready to support you and will also chip in with CHF 500,000.” In next to no time I had raised CHF 1.5 million with which to restart the company.

Our archives show that besides Lemania, several other companies were interested in becoming shareholders in Heuer. For example, Al Rhodan, one of our important clients in the Middle East, wanted majority control. A company called Remex and a gentleman from Hong Kong called Mr. Choi were both clients of ours and also showed great interest in participating, but none of them seemed to suit Mr. Köhli and his team, who wanted a Swiss solution.

### Takeover poker

I can only piece together what happened next from what I heard through the grapevine. When Mr. Valentin Piaget, the Piaget family member who oversaw their investment in Lemania, heard that Claude Burkhalter from Lemania, Pierre-Alain Blum from EBEL and I had verbally agreed to together invest CHF 1.5 million in the refinancing of Heuer-Leonidas, he must have immediately objected because EBEL was one of his main competitors. However, he agreed to invest CHF 1.65 million together with CHF 350,000 from Roventa-Henex. He also wanted Heuer-Leonidas to become a private company again because the Piaget group was very secretive and attached great importance to privacy and discretion. The easiest and cheapest way to go private again was to write down the company’s assets to such an extent that its shares would be valued at zero.

On Friday, 4 June 1982, I had another one in a series of telephone conversations with Claude Burkhalter, the CEO of Lemania. He told me the entire refinancing would be taken over by Lemania, without help from EBEL and without any investment from my family. He added that Roventa-Henex was to convert its CHF 350,000 credit with Heuer-Leonidas into shares and went on to say that all this had been decided by Piaget, Lemania's main shareholder. As this was on a Friday, I had the weekend in which to mull everything over. The following Monday I called Valentin Piaget at his office and told him that I was pleased to hear that Lemania was going to be the main shareholder. However, I added I was surprised not to have been involved in the negotiations, since my family was willing to invest, and I asked why I had been left out when he had given the go-ahead for Roventa-Henex to become a shareholder. I also expressed my surprise at seeing no value for the brand's goodwill given in the figures in the takeover statement for what after all was a famous brand of chronographs and stopwatches with a history of 120 years.

Mr. Piaget replied by saying only that he wanted to change the management team and added that he felt the banks should also make a write-off of 20% (which they finally did). In my notes of the telephone conversation I also jotted down in French: "*Monsieur Piaget ne connaît pas bien le dossier!*" ["Mr. Piaget isn't fully informed about this case!"].

On 9 June we received a copy of a formal letter from Lemania, dated 8 June and addressed to our auditors ATAG in Bienne, confirming their investment deal and listing their conditions. One of these was that the entire Board of Directors of Heuer-Leonidas should sign a letter in which they formally agreed to resign *en masse*. This of course included me in my positions as a member of the board, CEO and majority shareholder. This letter went on

to confirm that Lemania was willing to invest CHF 2 million, either alone or together with “close-standing” companies or persons. The letter did not mention the name of Roventa-Henex or Norbert Schenkel and quite honestly I still do not know how much Mr. Schenkel finally invested.

What I do know from a letter from Roventa to the banking consortium is that Mr. Schenkel stipulated that, in return for his investment, Heuer-Leonidas had to purchase all its future supplies of diving and regular watches – i.e. with the exception of chronographs and stopwatches – from his own company, Roventa-Henex. For years we had been using Roventa-Henex as a subcontractor to produce our diving watches. They offered a wide choice of cases and dials, their quality was good and the performance was reliable. It was also a good deal for us financially because payment only became due when we had the finished products ready to be shipped. However, sales of diving watches had expanded so rapidly with the result that by the end of 1981 we owed Roventa-Henex something in the region of CHF 350,000. In the final negotiations Roventa-Henex turned their credit with Heuer-Leonidas into a shareholding. After Heuer-Leonidas was sold three years later to the TAG Group, the new management continued outsourcing production exclusively to Roventa-Henex. Thus Norbert Schenkel’s relatively-modest investment turned into a multi-million franc business for him and he later confessed to someone I know in Bienne that it was by far the best deal he had ever made in his life.

What I also heard some years later is that Lemania bought the tools from the BFG bankruptcy sale for around CHF 700,000 and then supplied Heuer-Leonidas with Calibre 410 stopwatches until the stopwatch market totally dried up and was replaced by digital stopwatches.

Summing up, I was completely left out of the final negotiations which had taken place behind my back. It could be that Dr. Walter Ryser, who had now become an internationally-respected lawyer, was involved in these negotiations and got jittery that his reputation might suffer if Heuer-Leonidas were to go bankrupt under his presidency. As it turned out, at no stage of the drama did Heuer-Leonidas go bankrupt. I now also know that Willy Monnier, my Head of Finance, was involved in these negotiations. He was offered my job behind my back as well as five percent of the company if he invested CHF 100,000 as a gesture demonstrating his confidence that he could return the company to profitability. He was also a personal friend of Norbert Schenkel, the owner of Roventa-Henex.

A public shareholders' meeting was called for Friday, 25 June 1982 and it started at 4 p.m. in the Hotel Elite in Bienne. About 40 people were present. A few hours before the meeting, Walter Ryser informed me that I had been fired and that Willy Monnier was taking over my position. I already knew I was going to be fired so that did not come as a surprise. At a meeting on 12 April, four possible solutions had been put forward for the capital increase, all with Lemania, Roventa-Henex and myself as capital partners and with me keeping my position as the company's CEO. But the letter that I had received from Lemania on 9 June had informed me that I would not remain CEO and would be dismissed after the shareholders' meeting on 25 June because they wanted a new management team. But to hear that Willy Monnier was taking over my job and that he had been invited to take a five percent stake in the company was a complete surprise and I felt stabbed in the back.

When the shareholders' meeting was over, people continued to stand around chatting in groups. Claude Burkhalter, the CEO of Lemania, came up

to me and said there remained one problem that had not been dealt with in the overall agreement. It concerned the pension Heuer-Leonidas had been paying to Blanceflor (Blanche) Heuer, the widow of my Uncle Hubert. Although this pension had been lowered to CHF 24,000 a year, Claude Burkhalter asked me if they could stop paying it altogether, saying it no longer concerned Lemania as they had no connections with the Heuer family. I was quite shocked and said; "Please don't do that. The family has already lost so much money and my Aunt Blanche's shares are now worthless, so stopping her pension would be very unfair. I can also tell you confidentially that my Aunt has cancer so you will not have to pay out for much longer." I had been informed my aunt was quite ill and had assumed the problem was cancer, but Aunt Blanche went on to live for another 15 years and continued to receive her pension.

Looking back, one of the very few things I have never forgiven is the fact that Valentin Piaget, who was pulling the strings behind the scenes throughout this takeover poker, had neither the courage nor the decency to approach me before, during or after the meeting to exchange a few words – the minimum courtesy one would have expected from a fellow entrepreneur.

That evening I returned home to Bern totally humiliated and destroyed. I entered my apartment to find my wife Leonarda and my two sons in the middle of their dinner. My daughter Fiona was out. When I announced that the Heuer company was no longer mine, my younger son Manuel burst into tears and that nearly broke my heart.

This was the lowest point in my professional life and more than 30 years later it remains an emotional subject for me to talk about. I will probably never be

in a position to give a fully objective account. I am, however, fortunate that a very good journalist, Dr. Hans Abt, attended the June 1982 shareholders' meeting. Hans Abt was Business Editor at the *Neue Zürcher Zeitung* (NZZ), Switzerland's leading German-language daily newspaper, and for a long time he had been following the fortunes of Heuer-Leonidas, as it was one of only two watchmaking companies quoted on the Swiss stock exchange. His report, published in the weekend edition of the *Neue Zürcher Zeitung* of 26-27 June 1982 is, in my opinion, correct and very fair and, with the kind permission of the *Neue Zürcher Zeitung*, I give an abridged English translation of it here:

*Bienne, 25 June 1982*

*Heuer-Leonidas S.A. (H-L), Switzerland's leading manufacturer of stopwatches, held its last public general meeting in Bienne on Friday. The meeting was chaired by Prof. Dr. Walter Ryser and shareholders attending this "funeral service" had to take some important decisions that would have far-reaching*

*consequences for them. Topping the list was a write-off reducing the value of the company's total share capital to zero and the liquidation of existing reserves to cover losses of CHF 3.75 million accumulated by the parent company. At the same time, they had to vote on the creation of CHF 2 million in new share capital to which the outgoing former shareholders were obliged to refrain from subscribing in favour of the company Nouvelle Lémania S.A. and "shareholders associated with it." Finally, in addition to normal statutory business, they had to elect a set of "substitutes" to take the place of the outgoing Board of Directors, which was resigning en masse and for which the*



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*new shareholders had furnished a list of appropriate nominations.*

*Although this general meeting was a ritual conducted correctly in accordance with all the rules, the outcome of all decisions had been fixed irrevocably in advance; Jack W. Heuer, a qualified engineer and H-L's majority shareholder, had bowed to necessity and had beforehand ceded the 10,000 registered shares he administered on behalf of the Heuer family. That had been one of the stipulations in the arrangement made before the meeting and was one of the results of the tough poker game conducted according to the rules of the jungle by the participants in the run-up to the meeting. But what in reality actually happened?*

*1981 was not the first difficult year for H-L, a company which had developed into a large and leading manufacturer of mechanical stopwatches. Just like other companies in the same industry, it was caught up in the watch crisis of the mid-1970s. In 1975, after years of uninterrupted market success, good financial results and attractive dividends, clouds began to appear on the horizon. Considerable efforts may indeed have been made to offset the fall in demand for mechanical stopwatches, be it through extending the range of products (wrist chronographs, diving watches), taking up the manufacture of electronic stopwatches or making occasional attempts at diversification. These dynamic and bold measures which were, in the end, entrepreneurial policies, called for the full deployment of the firm's capital resources, which had been built up in its early years. However, they could not prevent increasingly-frequent reports of stagnating turnover, decreasing revenues, and reduced or cancelled dividends.*

*Nevertheless, in spite of the monetary, technological and structural shocks,*

*H-L was able to maintain a fairly good position in the market. Between 1975 and 1980 – a difficult period for the whole industry – H-L sold between 200,000 and 260,000 mechanical stopwatches annually, an amount representing between 30% and 40% of Switzerland's entire exports of this specialty product. In addition, until recently H-L had been producing a rapidly-growing quantity of electronic digital stopwatches in Switzerland, using key components purchased on the free market. These earned next to nothing and, given the competitive pressures from foreign electronics companies, above all gave the company a strict lesson about the laws and truths of the learning curve: over the past four years the average export price of a digital stopwatch decreased from CHF 94 to CHF 35.*

*There was only one practical way to get round this massive price pressure or even just to remain in the business of making electronic timekeepers: to shift production to Asia. So last year H-L transferred production of its digital products in stages to a manufacturer in Hong Kong who made them according to H-L's specifications.*

*However, the decision to rely on production in Asia was not forced onto the company just on the grounds of cost. H-L had also unexpectedly found itself pushed into a serious situation following the disappearance of its traditional suppliers of components in Switzerland.*

*In view of the fact that sources of important components had dried up, H-L was forced to abruptly suspend production of electronic stopwatches at its factories in Bienne. In addition to creating delivery problems, another negative consequence of suspending production was that entire stocks of components, accessories and semi-finished products had to be written off*

*and, given the already tense financial situation, this in turn called for an additional need for amortisation. This example shows that the principle often recommended to the Swiss watch industry of dispensing with in-house production of components and using instead the most technically- and economically-attractive sources of supply is not without its dangers.*

*This painful lesson was bestowed on H-L not only with regard to the electronics side of its business. The company also found itself confronted with extremely tricky problems in its traditional area of mechanical timekeepers. In 1980, the company Ebauches S.A., which was under pressure to continue its rationalisation programme, decided to discontinue production of ébauche movements for lever stopwatches at its Valjoux factory. For H-L this meant the loss of basic products used in its watches in the higher quality and price range. At first it seemed H-L had successfully got round this obstacle by relying more strongly on the firm Baumgartner Frères of Grenchen (BFG) for supplies. BFG had until now supplied H-L with the basic movements used in its lower-quality pin-lever watches.*

*In the summer of 1981, just as H-L found itself in the middle of fulfilling a series of important orders from China – orders which were most welcome as they helped compensate for weak demand in other markets – first reports began to seep through the industry that BFG was in trouble. In order not to put its important Chinese orders at risk, H-L made additional orders to stock up its inventories of ébauche sets and other components. However, at the end of September 1981, and without any warning, the Chinese suddenly stopped all imports of watches, and H-L's distributor in Hong Kong suspended his orders. At H-L, which at this stage had speeded up production in order to be able to deliver the products to China on time, throughputs of materials and product flows began to grind to*

*a halt. Growing stockpiles of warehouse inventories necessitated a need for greater funding. In late autumn this led to a liquidity crisis as many customers delayed their payments following the rise in value of the Swiss franc which had begun in October and waited expectantly for a more favourable exchange rate. The declining performance of H-L's foreign subsidiaries was yet another factor that pushed H-L to the very limits of its operational capability and solvency.*

*In this critical situation, the banks abruptly turned off the flow of credit at the end of November and called in existing collateral and pledged securities. H-L's outstanding amounts – CHF 9.15 million owed to the banks and CHF 2.15 million owed to suppliers – were frozen under a standstill agreement which was due to expire at the end of May 1982.*

*The time period allowed by the end-of-May deadline was used successfully. Following a process of evaluation that was rich in twists and turns and surprises, a solution was produced that secures the continued existence of this long-established and historic company, admittedly at the price of quite a few victims. The largest contribution to the financial restructuring of H-L is going to be made by the shareholders, in particular those public shareholders who in 1970 at the time of the company's initial (and sole) public offering subscribed (or oversubscribed, as the case may be) to 4,000 bearer shares with a nominal value of CHF 250 each, which were offered for sale at CHF 925. They will forfeit their entire investment because in order to finance the unscheduled write-offs of inventories and subsidiaries and also provisions for accounts receivable which the special task force deemed appropriate – and given that there is a lack of sufficient reserves – the entire share capital of CHF 3 million must be used. Suppliers and bank creditors will then have to trim between 20% and 23% off their claims.*

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*As a kind of consolation, the holders of bearer shares will be allowed to exchange their share holdings for a cash compensation of CHF 10 per share. The new owners hope this conciliatory gesture will allow them to retreat back again into the cosy, discrete seclusion offered by a privately-owned joint-stock company. Of course, not all holders of bearer shares have made use of this offer of a refund. The intriguing question remains as to what rights they might be able to derive in the future from shares which now have no par value.*

*The most important and surprising element of the restructuring of the company, however, is Nouvelle Lemania's takeover of H-L by the method of subscription to the new share capital. This watch company, which will soon celebrate its centenary, is based in L'Orient in the Canton of Vaud. Since 1932 it had belonged to the Omega/Tissot Group but was sold to a third party less than a year ago at the height of the SSIH (Société Suisse de l'Industrie Horlogère) crisis (sold for next-to-nothing, as it is said in the industry). Lemania specialises in producing technically-sophisticated, high-quality mechanical watches. It is one of the few remaining "Manufacturers" in Switzerland, in the sense that it manufactures important components and, in particular, the necessary ébauche movements in-house and processes them through to the end product, i.e. watches and watch movements. In other words, it is independent of the ups and downs and, in particular, from the product policy of any producer of watch movements (Ebauches, BFG, etc.).*

*From an industry standpoint, combining Lemania and Heuer would appear to be a hit. H-L gets access to specialised manufacturing know-how; and Lemania gains access to H-L's marketing and distribution know-how as well as to its sales potential; after all, H-L still supplies about 10% of world demand for stopwatches. Together these two companies will now preside over*

*a complete and comprehensive product range. And what gives the whole operation a touch of genius: out of BFG's liquidations assets Lemania has bought up (for CHF 700,000) all the machines and tools used to produce H-L's most frequently-used Calibre 410 stopwatch movement. The company is thereby to a large extent now technically and in industrial terms self-reliant.*

*When questions were raised at the press briefing after the general meeting about performance data and details about the owners, members of the top management were extremely tight-lipped. However, there are clear grounds to believe that the funds which within the past year were invested in the purchase and restructuring of Lemania and now in the re-capitalisation of H-L have come from Piaget, the world-famous company known for its luxury and jewellery watches.*

*The interests of the Piaget Group are not confined to the joint-stock company Ancienne Fabrique Georges Piaget & Cie. in La-Côte-aux-Fées in the Canton of Neuchâtel, which declares a share capital of only CHF 128,000 but which last year paid tax on a profit of CHF 6.8 million (previous year: CHF 5.4 million). The group also controls the famous luxury brand Baume & Mercier, plus a factory making gold watch cases, a factory making highly-specialised mechanical movements (Complications S.A.) and many other companies. Five years ago the Fédération Horlogère (FH) estimated the Piaget Group's turnover at CHF 90 million. Today it is likely to be well over CHF 100 million and, following the integration of the newly-created Lemania / Heuer business unit will probably exceed CHF 150 million. Of all the problems a re-incarnated H-L will have to face in its new environment, a lack of resources will not be one of them.*

## Clearing out my office

On Monday, 28 June 1982, I returned to the company headquarters in Bienne and called all the staff together in the conference room. I told them I had fought hard and had devoted all my energy in an attempt to save my company, but had lost out against Piaget and Willy Monnier. I turned to Willy Monnier and said, "Mr. Monnier, you have won and I wish you all the best in this difficult job, which I hope you will continue in the sense of the founding family." I then shook hands with everyone and left the room.

A few minutes later, Willy Monnier and I met in my former office to discuss what I would be allowed to take with me. I was allowed to take my desk with its contents, my chair, two bookshelves, an IBM golfball typewriter and my company car with its remaining lease. The drawers of my desk contained a lot of company archival material as well as old family records and documents. All these things were taken by lorry to my home in Bern where I had cleared out the cellar and had started to make a rudimentary office. Fortunately I had no debts, but unfortunately also no cash reserves. I was five months away from my 50<sup>th</sup> birthday and ruined. I realised I would have to start a new professional life from scratch.

## **Chapter VIII: Re-starting from Scratch | 1982 – 2000**

Getting back on my feet — Losing a potential dream job — Developing the consulting business — 20 years working for a Hong Kong Chinese company — First assembly plant in the Shenzhen Special Economic Zone — Our electronic hygrometer — The success story of the world's first electronic barometer — The purchase of Huger — Opening IDT's European headquarters in Bern — The origins of the brand "Oregon Scientific" — Extending the product range and opening sales offices in France, Italy, the UK and Spain — Closing IDT Europe's office in Bern in 1996 — IDT liked a high-calibre board — Reflecting on 20 years with IDT — Serious health problems — Celebrating my 60th birthday

## Getting back on my feet

After the dramatic events of June 1982 I had one salient thought in my head: How could I get back on my professional feet? I decided to set myself up as an independent management and marketing consultant. The first important practical step I took was to write a personal letter to Raymond and Shirley Chan of Integrated Display Technology Ltd. (IDT) in Hong Kong. I had a hunch their company was going somewhere fast given the rapidly developing world of consumer electronics. I briefly explained what had happened to me and why I was leaving Heuer-Leonidas and setting myself up as an independent consultant as of 1 August 1982. I then took the plunge and suggested I could be their official representative – either on a fee or commission basis – for their new and innovative electronic consumer products in the European market, with the exception of the stopwatches which they made for Heuer-Leonidas. I also asked them to provide a more detailed price list showing discounts possible for different bulk quantities ordered. Finally, I said I was going away for a break to recover from the troubles of the past few months and that I would get in touch with them again in August.

I then jumped into the car with Leonarda and our three children and drove down to Puglia in southern Italy for a summer holiday by the sea, during which I tried to recover from the psychological shock of losing the family company. At times I felt as if I were about to fall into a deep depression, but considering the future of my children strengthened my determination to pull myself together and find a new job. Puglia's stunning scenery, the invigorating sea air and the chance to enjoy some *dolce far niente* with my family had a healing influence and helped divert my thoughts away from their ob-

session with the events of the previous months. Returning home somewhat refreshed, I started combing through my thick book of business contacts and informed friends and business acquaintances that I was available and keen to get stuck into a job again or take on a commission as a consultant.

Shortly after my return home, I was contacted by Paul Peter, the CEO of the SSIH (*Société Suisse pour l'Industrie Horlogère*), the name of the OMEGA-Tissot group in those days. He asked me if I was familiar with the Canadian watch market, and when I replied in the affirmative he proposed a meeting. At our meeting, which was also attended by Walter Tobler, the CEO of OMEGA, they confided to me that OMEGA had a major problem with its sales subsidiary in Canada. Even though they had cut the number of staff from 36 to 10 and had outsourced their repair department, they still could not get the subsidiary to break even. This was of course a confidential matter which they did not want to become known in the industry. Although this may seem extraordinary today, it shows that even leading brands were suffering from the dramatic drop in the export of watches at that time. In short, OMEGA was searching for an independent agent for the Canadian market and asked me to begin a discreet search for a suitable company in my new capacity as an outside consultant.

The first thing I did was to obtain a list of all importers of Swiss watches in Canada. Then I made a few exploratory phone calls and drew up a short list of three potential candidates. One was the current Heuer distributor in Toronto who had in fact been an OMEGA salesman in Canada before starting up his own company in Toronto called "The Chronometric Company". Walter Tobler and I then narrowed the short list down to two and in November 1982 I flew to Canada to brief both candidates on OMEGA's terms and conditions. One candidate subsequently dropped out, leaving just the Chronometric

Company in the running. We went on hammering at the terms and conditions but just could not close a deal and the Chronometric Company called the whole thing off. It would have been nice to have chalked up a success despite the terrible state of the Swiss watch industry at the time, but I ended up disappointed when the parties involved could not agree on terms.

I returned from my trip to Canada via New York where I contacted various companies with a view to serving as their representative in Europe. In fact, between August and December 1982, I wrote - or more correctly, my wife Leonarda typed letters for me - to more than 30 different companies offering to act as their marketing advisor for the European markets, but all to no avail.

The late summer and autumn of 1982 were probably the worst moments of the whole Swiss watch crisis and the SSIH itself was close to insolvency. This was the time when the Swiss banks approached Nicolas Hayek, the Swiss-Lebanese management consultant, and asked him for help. Mr. Hayek suggested restructuring the entire Swiss watch industry by merging the ASUAG (General Swiss Watch Company) with the SSIH to form a new company called SMH (*Société Suisse de Microélectronique et Horlogerie*). SMH was indeed created in 1983 and was to become the largest watchmaking group in the world. Nicolas Hayek himself became the majority shareholder in 1985, and in 1998 he renamed the company the “Swatch Group”.

Although it might be hard for a younger generation to imagine, in 1982 there was no widespread use of desktop computers, laptops, word-processing programmes, email or fax machines. Most business correspondence was conducted by letter or telex (messages sent and received by teleprinters). When working as CEO for Heuer-Leonidas I had had all my correspondence

typed for me. I myself could not type at all, so the fancy IBM golfball typewriter I had been allowed to take from Heuer-Leonidas at first remained unused under its plastic cover.

Fortunately for me, my wife Leonarda is a very competent typist and she would quickly rattle off all my correspondence in French and English. Business correspondence typed in German, however, remained a problem. I really needed a professional secretary but given my precarious financial situation I did not want to burden myself with an overhead cost at this early stage. However, I managed to set up a rather complicated but effective arrangement. The daughter of some friends of ours had married and had just had her first baby. This young mother by the name of Patricia lived in an apartment in an old building a couple of miles from us. During the day I would draft my German business letters in longhand, and then in the evening I would take them along with the IBM typewriter and some letter-headed paper over to Patricia's building and carry everything up the stairs to her apartment. She would then transform my handwritten letters into very professional-looking business correspondence and the following morning I would drive over and cart everything back to the small office which I had created at home.

As I could not afford a teleprinter at home on which to communicate by telex, I had to find another solution. My contact details on my letter-headed business stationery naturally included my home address and phone number. I then proudly added a telex number, but it was that of Bern's main post office! With the help of boxes of good-quality chocolates I managed to persuade a young lady working at the post office counter to call me as soon as a telex addressed to me came in. Telexes were written in so-called "tel-

egramese", a minimalist shorthand style that left out unimportant words, so my contact could quickly read the contents to me over the phone. I then drafted answers which I would ask her to send when I went to the post office to physically pick up the telexes in my inbox. For someone like me who once had had two professional secretaries dealing with his business correspondence this was a rather humbling experience I shall never forget.

Then one day in September 1982 I received a phone call from ATAG (*Allgemeine Treuhand AG*) in Bern asking if I would be willing to meet two brothers by the name of Schneeberger who had problems with their machine tool company. They produced tool-grinding machines and high-precision linear-motion bearings. Their problems included bad sales figures and an empty order book, and they were desperate for help. I met them on 15 September and, after an introductory talk, they invited me to visit their factory in Roggwil, near Langenthal. I agreed to spend three days a week for six months as their consultant and was tasked with getting their company out of the red and back into the black. Compared with what I had gone through with my own company, including downsizing and reducing the number of staff from 239 to 80 over a few years, the problems I found at Schneeberger were not so difficult to solve. In short, I implemented several changes and managed to cut costs, with the result that the company finished the year with a slight profit instead of a large deficit they had been expecting. By the end of March 1983 the company was running profitably again, although slightly downsized.

This result, modest as it may appear, greatly boosted my morale and self-confidence and resulted in several new mandates over the following years. Looking back, I have a suspicion that Dr. Walter Ryser, the head of ATAG in Bern, was involved and was discreetly trying to help me find em-

ployment since he had not been able to save my job in the Heuer-Leonidas takeover.

At this point I still did not want a full-time job as a consultant because I wanted to keep at least two days a week free during which I could search for new mandates or a new full-time job with a longer-term future.

In September 1982, Raymond Chan replied to my proposal that I act for IDT as its European representative. Raymond visited Switzerland in December and together we visited some of IDT's clients in Germany. This resulted in a formal agreement between IDT and me under which I would act as their marketing adviser, starting in 1983. This meant I would be working as IDT's commission salesman in Europe and establishing contacts with potential clients for them. This mandate gave an additional boost to my self-confidence as it provided me with a welcome opportunity to check whether my old business and sales skills were still in good working order. IDT's European sales figures for 1983 would give a first clear answer.

By mid-September 1982 I was becoming rather nervous as I still had not received the severance payments that had been agreed after my forced resignation from Heuer-Leonidas three months previously. I explained the situation to a Bernese lawyer by the name of Marc Sutter who at once sent a stiff letter to Heuer-Leonidas with the result that the sum owing to me was immediately paid out, and this even included a pro-rata 13th month's salary. (In Switzerland it is common practice for your annual salary to be divided into 13 months instead of just 12 and you receive a double payment in December.)

Also in the autumn of 1982 Leonarda and I took the decision to let out our

beloved chalet “Lokissa” in Gstaad for the winter season. We contacted a real estate agent in Gstaad and luckily for us they quickly found a charming Italian family who were looking to rent just such a chalet. The rental income was a godsend for us in those difficult days.

Back at Heuer-Leonidas, meanwhile, my successor Willy Monnier had got wind of the fact that I was in contact with IDT and might soon be selling their electronic consumer products such as kitchen timers in Europe. In October he sent me an obnoxious letter ordering me to immediately break off my relations with their supplier IDT or Heuer-Leonidas would sue me for making use - to its detriment - of my past business relationships. My lawyer Marc Sutter again sprang into action and wrote a clear and professional reply that absolved me from all accusations of exploiting past business relationships and contacts. After that I heard no more from Heuer-Leonidas on the subject.

As 1982 drew to a close, I still had no long-term solution for the future. Furthermore, the consulting mandate I had with the Schneeberger brothers was due to finish at the end of March 1983. It was a worrying situation, but Leonarda was positive about the future and encouraged me not to give up.

### Losing a potential dream job

On the morning of Monday, 3 January 1983, my phone rang and on the other end of the line was Professor Maurice Edward Müller, the famous Swiss orthopaedic surgeon and inventor of hip prostheses and other fixation implants for use in orthopaedic surgery. He invited Leonarda and me to tea later that day, explaining that he wanted to get to know us. We accepted his invitation and over tea and biscuits we first talked about our mutual home-

town of Bienne, where both Professor Müller and I had grown up. After some more small talk he got down to business and said there might be a job for me in his company Protek AG, and added that he first wanted me to meet some of the Protek AG staff as well as some members of its board. At the time Protek AG was Professor Müller's sales organisation for all the revolutionary hip implants and operating instruments he himself had designed and tested. Over the next few days I met various people, both from the company and its board, and on 2 February received a letter of intent of employment.

Meanwhile, Professor Müller had given me about a dozen video recordings of hip implant operations performed by various surgeons and I spent several evenings viewing them, often together with my two sons, to learn about the subject and familiarise myself with the new professional field I was going to work in. On 22 March I received and signed a formal employment contract as full-time Chief Operating Officer (COO) of Protek AG with a starting date fixed for 1 May 1983.

In preparation for my new assignment, I attended a huge orthopaedic congress in Los Angeles and then went on to a seminar for orthopaedic surgeons in Pennsylvania, where we heard lectures on the latest methods of fixing various implants with metal screws to mend broken joints and bones. I was fascinated by this new medical environment and enjoyed every moment of the training. Then came the cherry on the cake: I was flown with a group of Swiss orthopaedic surgeons to Banff in the Canadian Rockies, where a helicopter took us to the Bugaboos for a week of deep powder skiing. Here I really was in my element again and my spirits were soaring.

I learnt an important lesson during my time in the Bugaboos with these

top-notch medical professionals. When faced with a choice of solutions to problems encountered in my previous business life, I usually had to make one clear “Yes” or “No” decision. In the competitive world of business, CEOs are paid to take difficult but clear decisions quickly. The medical world works differently. A doctor will not say, “You’ve torn a tendon” but learns rather to say, “All the tests seem to indicate that you are possibly suffering from an overstretched tendon, which could also be just bruised. On the other hand, there’s a good possibility it could be torn.” Business consultants soon learn to construct their sentences in a similar manner.

I experienced this first-hand in the Bugaboos. After about eight or nine runs on the fourth day of powder skiing, I had a bad fall and injured my knee. Back in the lodge where we were staying I asked one of the orthopaedic surgeons to take a look. He then called over a colleague, and then another one. They all gave different diagnoses and recommendations for treatment. As a result I decided to follow the recommendation that appealed to me most and continued to ski during the final two days of our trip, but with just a little more care. Over six days of powder skiing I made around 60 runs, clocking up a cumulative descent of some 70,000 metres. It was one of the most exciting and unforgettable skiing trips I have ever made in my 75 year-long skiing career and, to top it all, everything was on business expenses.

My direct and quick approach to problem-solving, however, appeared to clash with the culture of the medical profession. Maurice Edward Müller, or “MEM” as he was known informally, once said to me in a friendly way, “Like most people from Bienne, you take decisions too quickly and you draw your conclusions too fast!” He meant this to be positive and constructive criticism and I certainly was not in the least offended. Indeed, I took this lesson

to heart: ever since then I have been much more careful and have taken more time when analysing a problem. For years I had worked in electronics, where the pace of business life was extremely fast and new products often had a shelf life of just one year. This was the exact opposite of the medical technology industry, where clinical tests of prototypes could go on for years, but where successful products often had a much longer life expectancy.

In mid-April 1983, just a couple of weeks before I was due to officially start work at Protek AG, Professor Müller dropped a bombshell by gently informing me that some family problems had cropped up and that he wanted to cancel his contract with me. He explained that his brother-in-law, Dr. Rolf Soiron, who was 13 years younger than me, was now free and that he would prefer to engage him in order to keep Protek AG as far as possible in the family. Dr. Soiron had spent several years working as a consultant at the famous Swiss pharmaceutical and chemical company Ciba-Geigy and was ideally suited for the position at Protek AG.

Although this came as a shock, I had to admit that Soiron, with his Ciba-Geigy background, was probably better suited to the Protek job than me with my watchmaking background. So I suggested separating on amicable terms before I was due to start, but stressed we had to do this correctly according to the law. With the help of ATAG we reached an agreement and Protek was obliged to pay me six months' salary for cancelling the contract. This was a very handy financial cushion to have while I was looking for a new job. I also considered it as another learning experience and came to the conclusion that I would probably be better off in the future by remaining my own boss as an independent self-employed consultant. With this in mind I decided to focus on my work with IDT while remaining open for other consulting mandates.

## Developing the consulting business

During the late autumn of 1982, Leonarda and I were invited to lunch in Lausanne by Alain Petitpierre, a first cousin of Lea (the short name I use for Leonarda) and also an executive at the Suchard chocolate factory in Neuchâtel. Alain had been working there together with Team Consult, a consulting firm from Zurich and Geneva which Suchard had called in to conduct a review of its business strategy. Alain told me it was much easier to work as a freelance for an existing consulting firm than to set yourself up as an independent one-man band from scratch, and he suggested I should call on Dr. Marc Prestel from Team Consult, who had made a very positive impression on him.

After the Protek letdown I was putting my energy into developing my consulting business and promoting IDT's sales in Europe and thought Team Consult could indeed be a useful contact. So in the early summer I gave them a call to introduce myself and asked if I could pay them a visit. We fixed a date and I drove to Zurich to meet the company's three partners, who included Dr. Marc Prestel. The meeting went well: they found my background, professional experience and contact list attractive, and they agreed I could work for them. We fixed a *per diem* fee which I would receive not only for time spent doing work that could be invoiced but also for time spent in trying to acquire new business. In those years, Team Consult was quite a developed organisation. It had offices in Zurich and Geneva and branches in Brussels and Amsterdam. Its speciality was security issues – it liaised with police forces and security services – and it also offered a discreet strategy consulting service for small- and medium-sized companies.

A few weeks later I was asked by Team Consult to join Ernst Schiess, one of

their most experienced consultants, in Aarau, the capital of the northern Swiss canton of Aargau, where he was helping the cantonal police tackle some structural and organisational problems. This assignment was another opportunity for me to hone my consulting skills, as I was then still on a learning curve. Together Ernst and I interviewed many of the cantonal police force's senior officers and junior constables, and we also spent many hours with the officer-in-command. As a former adjutant of a motorised army battalion, I felt quite at ease in a hierarchical organisation which had a chain of command and many other parallels with the army, but I consciously kept a low profile and followed the instructions I received from my more-experienced colleague. Ernst was the project manager for this job and I spent about eight to ten days gathering the raw material we needed to draft the final report Team Consult would present to its client.

In the early autumn of 1983 the Schneeberger brothers invited me to carry out a special mission at their French subsidiary in Orly, in the southern suburbs of Paris. In the first quarter of 1983 I had visited their subsidiaries in Germany, Italy and France and had reported back that, in my view, their French organisation was the weakest. So Schneeberger asked me to spend one day accompanying each of their regional sales managers in France on their respective client visits. The report I delivered must have been on target because in the following years I regularly received more mandates from them, and these even included developing their overall corporate strategy.

My next Team Consult assignment came in the summer of 1984. This time I was the project manager in the field and Marc Prestel was my project leader. I also had a young French-speaking assistant to help me, specifically by making sure the final report was written in good French. My mission was to

analyse the professional fire brigade of the city of Geneva, which was also responsible for fighting fires in the small surrounding canton of the same name. The cantonal authorities were objecting to the stiff bills the city authorities of Geneva were invoicing. My mission was to analyse the system in detail and find a better and fairer way for the city to bill the canton for putting out its fires.

We proposed a solution that seemed to satisfy both the city and cantonal authorities of Geneva. While I do not remember the exact details of our report, I do have vivid memories of two incidents from this mission. As we were preparing to get underway with our study, Marc Prestel suggested I should spend twenty-four hours working as a firefighter to get first-hand experience of their working conditions, their everyday life and their mentality. We obtained the approval of the brigade's commanding officer and I was issued with a complete firefighter's outfit, including helmet, boots, jacket and special trousers with braces. I was even assigned a bed in the fire station in which I could rest while waiting for a call. Near my bed was the well-known 10 metre-long polished metal pole down which firefighters had to slide to reach the garage below housing the huge firetrucks. My boots and helmet were laid out ready for action at the bottom of the pole.

I had dinner with the night shift and then, after reading in bed for a while, I fell asleep in my underwear and my socks, ready to spring into action should the alarm go off. And indeed it did go off! At about three a.m. there was a tremendous din and all the lights immediately went on. I jumped out of bed into my firefighter's trousers with the braces – there was no time to fiddle with a belt – and then having pulled on the jacket I wrapped myself around the metal pole and slid down through the hole in the floor like a ton

of bricks. I jumped into my boots, grabbed my helmet and joined the rest of our team. They stuffed me into the leading firetruck alongside the officer in charge of this mission and we roared off into the night. Behind us came a lighter firetruck followed in turn by a giant firetruck with an extra-long rotatable ladder. All our sirens were wailing and we must have woken up everyone living within a mile either side of our route. After about ten minutes we arrived at a burning hotel near the border with France. This hotel housed many immigrants and I saw about six people, most of them in pyjamas and barefoot, balancing precariously on a narrow ledge sticking out from the facade of the building and waiting desperately to be rescued. That was a dramatic sight which I will never forget.

I was watching the firefighters doing their job in a very disciplined manner according to their professional training, when a firefighter carrying a hose in his hands suddenly rushed up to me and said, "*Viens, allons, attaquons ensemble de l'intérieur!*". ["Come on, let's tackle the fire inside together!"]. I felt a proper twit having to explain that I was not a trained firefighter but only attending as an observer. Nevertheless, the whole experience gave me a deeper understanding of my mission. The firefighters later told me I had been lucky on my shift to experience a rather serious fire with people needing to be rescued as such cases occurred on average just once a week at the most. It was certainly a dramatic start to my career as a project leader and gave an additional air of authority to my report.

The second thing that sticks in my memory from this time has to do with computers. My French-speaking assistant was still a student and had bought one of the very first Macintosh personal computers. I had never used, let alone seen, one of these computers before and was totally bowled

over by what it could do and by the fact that it could be handled with such ease. I would walk up and down dictating the text of my report while my assistant tapped away on his keyboard, and then we would use all the amazing word-processing features (e.g. cutting and pasting) that today are taken for granted. This magic box was really an eye-opener for me.

A few months later, Team Consult passed me another interesting project involving the GVB (*Gebäudeversicherung Bern*). This is a state-owned monopoly from which every owner of a building in the canton of Bern has to purchase a mandatory fire insurance policy. The GVB also supports local firefighting brigades by giving them subsidies to purchase firefighting equipment. My investigation and analysis showed that this very profitable organisation was hoarding an enormous amount of reserves for the support of local fire brigades, but these reserves were all held in the wrong place. They should have been distributed amongst the local fire brigades in a more decentralised way so that each brigade could at least purchase a special firefighting vehicle known in German as an *Einsatzleitwagen* (Field Command Vehicle) which would allow them not only to reach any local fire within 8 to 10 minutes but also to have enough of the right equipment with them to start fighting the fire immediately. My final report created quite an uproar amongst GVB's board of directors. I stuck to my guns and presented my findings, arguments and conclusions and was able to totally change their attitude towards their financial support of local fire brigades, with the result that GVB's reserves were deployed in a more rational manner.

Another large project I ran under Marc Prestel's supervision involved examining the possibilities for reorganising the structure of the police in Bern. There were two police forces, one for the city of Bern and another one for

the canton. We recommended merging the two into a single police force but it took nearly 10 years for this to happen.

After a few years I was invited to become a partner at Team Consult and received more complex, strategy-oriented mandates. These mandates were strictly confidential since the clients were privately-owned organisations. The very first one came from one of the older private banks in Germany. Two partners descended from the founding family were running the bank which had expanded rapidly and was then employing more than 300 people. While both partners loved the banking side of the business and the direct contact it gave them with clients, they were not so keen on performing the management duties that came with their positions! They brought in a former head of a large German state organisation as a partner and he at once saw the problem and called on Marc Prestel for help. Marc and I flew to Frankfurt to meet the three partners and we agreed we would organise several workshops with them and key executives of their bank. Together we hammered out a corporate strategy and over the next five years I would lead an annual two-day strategy meeting which we held in some very plush hotels in the region.

I grew to love this challenge of working with the entire executive team of a company to formulate or develop a corporate strategy, and I became quite experienced in this area. Another important mandate I received, and which was similar to the German one, concerned a French manufacturer of specialised electric motors used for motorised blinds and shades. Their main manufacturing plant was in France and they had sales subsidiaries in all their key markets. The CEO was very experienced and he was keen that an independent outside analyst should monitor the company's strategy session. We had previously helped him and his key team formulate their

initial corporate strategy, so he had enough confidence in me to ask me to monitor the strategic part of their annual global management get-together, something I did for the next seven years. This job took me to Japan, Florida, the Republic of Trinidad and Tobago and most of the European countries where they had subsidiaries.

The get-together I will never forget is the one they held one December in Malmö, Sweden. I arrived late on the eve of the seminar, checked into my hotel, went to my room, locked the door and went straight to bed to get a good night's sleep. The room was overheated and very stuffy and all the windows were sealed shut, so to cool down I stripped off my pyjamas and went to sleep lying stark naked on the bed.

Some time after midnight, the door that I had firmly locked burst open and six lovely blond girls dressed in white nightgowns filed into my room, all carrying lit candles in their hands and singing something in Swedish. As I was lying naked on the bed my immediate reaction was to pull the sheet over me with one hand, while with the other I tried to gather up and hide garments of an intimate nature that were scattered on the floor. After serenading me with a second song the six girls disappeared just as suddenly as they had arrived. I solved the puzzle over breakfast next morning when it dawned on me that Sweden had been celebrating Santa Lucia (13 December) and the nocturnal visit had been a nice surprise arranged for me by the French company's Swedish team.

This French company that made electric motors was in turn owned by a very large French commercial group. This group was still family-controlled, but over the years the family had split into three branches with a total of

35 cousins. Each branch of the family had the right to place one of “its” cousins in the company’s top management. Dear Reader, I cannot think of a more perfect recipe for disaster in a company. One cousin who had had enough of this arrangement and who had followed my work at the company manufacturing specialised motors contacted Marc Prestel and me and almost begged us to find a solution. This was, of course, a very delicate matter and after discussing things over we agreed I would interview between four and six direct subordinates of each of the three cousins to get a feeling of how they were perceived on the shop floor. I then put this to the three cousins themselves and, after some Gallic nose wrinkling and pursing of lips – and after I had given them a guarantee that the results would be kept strictly confidential – they agreed.

I carried out the interviews in a very discrete manner and we finished with Marc and I having a private individual session with each of the three cousins in which we informed them of our findings on how each of them was perceived by their subordinates. I did not disclose who had said what, and especially not what they had said about the other two cousins. It was one of the most difficult tasks in human relations I have ever had to handle. The outcome, however, was clear and not quite unexpected. One cousin decided to retire at once. Another agreed to relinquish his important group management function and take over the management of another small company the group owned. The third cousin found himself the undisputed CEO and Chairman of the group. The amazing thing was that none of the three cousins seemed angry with me, and for years afterwards the CEO continued to send me a Christmas card.

I was quite relieved when this delicate “French Mandate” was over and I de-

cided to stop my active consulting for Team Consult because in the meantime my business for IDT had grown tremendously and now required my full attention. I did, however, remain in close contact with Team Consult and helped them when they decided to close their Brussels and Amsterdam offices. I was also invited to attend the annual partners' meeting. Following my 75<sup>th</sup> birthday (in 2007), I returned the few Team Consult shares I had bought as a partner back to the company, saying they could use them as an incentive for some of their young consultants who showed potential.

During this period of 10 years (i.e. 1983-1993) I spent about half my time working for Team Consult and Schneeberger AG (the latter had invited me to join their board in 1985.) Besides learning a lot during this period, I was also able to make significant contributions, thanks to my 20 years' experience as CEO of Heuer-Leonidas. The other half of my time was spent building up my own business as official agent and representative of IDT (Integrated Display Technology Ltd.) in Europe.

### 20 years working for a Hong Kong Chinese company



Raymond Chan, founder of IDT International, celebrating my 20 years with IDT.

My first agreement with IDT dated from December 1982 when I became Marketing Advisor for their European business. However, I was not yet formally their official representative in Europe. The very first product IDT gave me to sell was a nifty, well-designed kitchen timer which allowed a 60 minute countdown to zero in seconds. I figured this kitchen accessory would be of interest to someone

manufacturing kitchen and bathroom scales, so I called a French company called Terrailon located near Geneva which specialised in this field and asked for an appointment with its director, Marc Terrailon, who happened to be a skiing friend from the Swiss University Ski Club (SAS). When I met him in his office I plonked the IDT kitchen timer on his desk and, after examining it, he said he liked it and ordered 300 for a market test in Switzerland. This was my very first order for IDT and therefore I remember it well. My commission on these 300 kitchen timers amounted to USD 75 which did not even cover my expenses. I realised at once that if I wanted to survive I could not afford to waste time selling to a tiny market like Switzerland but should rather concentrate on the German market, which was ten times as large.

The best way to find new clients is to attend specialised trade fairs. Trade fairs play a huge role in German commercial life in particular, and they also attract many manufacturers from the rest of Europe. So in February 1983 I went to Frankfurt to attend the huge household appliances trade fair known as *Domotechnica*, and later in the year I went to Munich for ISPO, the international sporting goods fair. In April, I paid a short visit to the Basel Watch & Jewellery Fair to see some old friends and to keep in touch with developments in the watch industry, but I steered clear of the Heuer-Leonidas stand because I was still shocked at how I had been treated.

I worked these various trade fairs hard, armed with my attaché case and samples of IDT's kitchen timers and alarm clocks with LCD displays. Although I finished 1983 with sales of only USD 380,000, I had managed to secure 14 new clients who had just started to import from IDT in Hong Kong. But considering all the time I had spent and the expenses involved, I was not satisfied with the results of my first year's efforts – they translated into

a paltry wage of only three Swiss francs an hour. However, I did not give up but kept going and put my hopes in the 14 new clients. My instinct was right and the following year my sales more than tripled to well over USD 1 million.

I must admit that in those years presenting products made in Hong Kong was a very humbling experience for a former CEO of a famous Swiss watch brand. Potential clients would often turn their noses up at such products, dismissing them as “typical Chinese rubbish.” By now, however, I had spent more than six years working with IDT and had become quite experienced in dealing with the Hong Kong Chinese, so I knew and felt the enormous potential this company had, especially considering the rapidly-growing availability of more modern, consumer-friendly CMOS chips [used in the construction of integrated circuits] which would open up the path for many new interesting consumer products.

In the autumn of 1984, Raymond Chan, the CEO and owner of IDT, again invited me to Hong Kong, but this time he wanted me to organise a management seminar, during the course of which we were to develop a corporate strategy. Thanks to what I had learnt about organising and leading seminars during my Team Consult years the seminar was a success and also quite a novelty in the Chinese business world at the time.

IDT was now expanding rapidly and had begun to apply LCD and microprocessor technologies to various health-care products such as digital body thermometers and thermometers measuring indoor and outdoor temperature. It was during this visit to Hong Kong that Raymond Chan gave me a demonstration of a new CMOS chip that enabled temperatures to be measured electronically. IDT had developed an electronic thermometer which

measured temperature via a probe at the end of a wire and which cost only USD 5. I returned home full of enthusiasm for this new product and made a round of visits to the manufacturers of conventional glass-on-wood thermometers in the Black Forest region of Germany, and in Paris. They all laughed at me, saying the manufacturing cost of their conventional thermometers was around USD 1.50 and that they would never pay USD 5 for some new-fangled electronic thing.

The following year I turned up with an improved version of the electronic thermometer. IDT had done away with the wire probe and now a tiny external wireless unit transmitted the outside temperature to the base station inside the building. This time we had a hit and everyone suddenly realised the potential of electronic products compared with their conventional mechanical and analogue predecessors. I heard no more snide remarks about “Chinese rubbish” and nearly every client ordered. In 1986 IDT’s sales again doubled to reach USD 2.8 million.

## First assembly plant in the Shenzhen Special Economic Zone

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I remember very well when, in 1986, Raymond Chan invited me to visit the Shenzhen Special Economic Zone (SEZ) situated immediately north of Hong Kong’s border with mainland China (this was 11 years before the UK was due to “return” Hong Kong to China). A rather grumpy Chinese cadre gave us a tour of a new plant facility with an adjacent dormitory building for the workers. Raymond did all the talking in high-speed Cantonese and of course I did not understand a word, but a few weeks after this visit IDT opened a large produc-

tion facility there. This was the first of many similar production facilities. IDT was also authorised to test and select staff to work on its assembly lines and the authorities transported hundreds of potential candidates in from around the province of Guangdong. In the late 1970s Shenzhen, then virtually a village, had been singled out to be the first of China's Special Economic Zones. When I visited in 1986 it was growing fast but I could never imagine it would later develop into a major city and economic powerhouse with a population of something like 10 million (more than the entire population of Switzerland!).

### Our electronic hygrometer

In 1987, IDT pulled another technological rabbit out of its hat in the shape of an electronic hygrometer, an instrument that measures the moisture content (humidity) of air. For well over a century, mechanical hygrometers had used a human hair – preferably one from a blond Scandinavian woman – that was kept under tension and changed in length as the moisture content of the air varied. Our new electronic hygrometer would not only show the current air humidity as a percentage, but it could also store the maximum and minimum values recorded during the last 24 hours and it also showed a “comfort zone” for human beings. All the readings could be read clearly in a liquid crystal display (LCD). This was a real technological breakthrough at the time and in 1987 my sales again doubled, this time reaching USD 5.4 million, and I now had 49 loyal customers.

## The success story of the world's first electronic barometer

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About twice a year I would make a round of visits to German and French manufacturers of thermometers and hygrometers and I noticed that without exception they all had a lucrative business making barometers. I started asking them what they thought an electronic barometer should look like and what sort of features it should have. I sketched designs for possible displays which I offered to them for comment. I also tapped their knowledge and experience on how to translate atmospheric pressure changes into weather forecasts. By 1989 it had dawned on them that IDT had an electronic barometer in the pipeline and – with one exception – they all shut up like clams as far as imparting information was concerned.

The exception was a German firm called “Huger Barometer Fabrik” located in Villingen in the Black Forest, a two-and-a-half-hour drive from my home in Bern. I visited the company together with Raymond Chan one Friday evening when, like a medieval craftsman revealing some secret artisanal process, Huger’s owner showed us the formulae the trade used to transform atmospheric pressure changes into weather forecasts. When we left Huger that night we knew how to do it! Meanwhile, Raymond had taken a liking to the Huger factory and said he felt like buying the company, since it was obvious that they were in a rather weak financial position. But first we wanted to create our electronic weather station, which would include a barometer.



The world's first electronic barometer launched by IDT in 1990.

Whenever I made my annual visit to IDT in Hong Kong I would join its engineers and executives to discuss product development. We complemented each other perfectly: I had experience in electronics and knew the type of consumer-friendly functions that could be programmed into a chip; and they knew how to source the necessary components. Together we designed the world's first electronic barometer which we called the BA 888. The Chinese attach great importance to numerology and eight is a lucky number, signifying fortune and prosperity, so with three eights we couldn't go wrong!

We finished developing the BA 888 by the end of 1989 and started preparations to launch it in 1990. We had a hunch it would be a sensation and a commercial success, and indeed it was. No more tapping the glass of a traditional barometer with your knuckle to release latent action to get an accurate reading! The BA 888 used bar graphs to display the pressure, it measured temperature and humidity and it gave a local three-day weather forecast. It was an immediate success in all our markets and opened many doors in sales channels such as Media Markt and similar large distributors. IDT was able to patent the electronic barometer technology and it took about 10 years for the competition to catch up and copy us, patent or no patent.

### The purchase of Huger

IDT went on to develop many different models of electronic LCD barometers and, being the sole manufacturer at the time, made a lot of money with this product group. However, we really needed a kind of logistical base in Europe and so in 1990 IDT went ahead and bought a 60% interest in the Huger Barometer Company. Huger had an impressive client list and this helped us to

enter the huge German market. As the new owner of Huger, IDT hired a new managing director for the company and in 1995 I was appointed CEO. I kept this position for several years and about twice a month I would make the journey from Bern to Villingen and spend one or two days in the company.

I find another note in my diary for the year 1989: the 3-4 June Tiananmen Square incident in Beijing, during which the Chinese army fired on and killed many student demonstrators, sent shockwaves through Hong Kong. Thousands of Hong Kong Chinese started to apply for visas to countries such as Australia and Canada, and many packed their children off to study overseas. For its part, IDT decided to set up a subsidiary and assembly line in Singapore as a kind of safety measure.

## Opening IDT's European headquarters in Bern

Since IDT's sales in Europe had developed rather rapidly, I decided in 1988 it was high time to move out of my home office into a regular office. I was lucky and by early 1989 I had found a charming old building near the river Aare that runs through Bern. The building had recently been renovated and turned into offices, and there was a small but lovely two-roomed office suite available on the first floor. It would be perfect for IDT Europe's headquarters, but first we had to check out the wind and water!

Like most Hong Kong Chinese, Raymond Chan was a serious believer in the principles of *feng shui* [lit-



IDT Europe's headquarters in Bern, just below the Swiss parliament.

erally “wind and water”, i.e. Chinese geomancy) which all IDT’s offices had to conform with. He also had great faith in lucky numbers, so we had to take care with anything we did involving a number. For example, no office address could contain the number four or be on the fourth floor of a building because “four” in spoken Chinese gives the same sound as the word for “death”. As a European I found all this rather strange but slowly adapted, and today eight is my lucky number!

Raymond came to Bern to inspect the office and check things out on the *feng shui* front. Everything seemed perfect: the building was at the bottom of a hill and facing the fast-flowing river Aare which would carry away any bad luck.

As my part-time secretary had married and was expecting her first baby, I hired a new full-time secretary named Sylvia Betschmann who was to stay with me for five years. I also ordered some stylish IDT Europe business stationery and I felt more comfortable now that I was taking on all the trappings of a real business executive again. Hardly a year had passed, however, when I realised we would need more space so I moved up one floor to a larger three-roomed office suite and took on an additional secretary. Within less than a year, however, we were feeling squeezed for space again so I took over the entire top floor of the building. At last we had plenty of room, and we had avoided the fourth floor!

By now I had also hired a young Swiss salesman named Franz Linder. He had a good commercial background as well as an engaging personality and had just returned from a one-year hitchhiking tour through Australia. I had to coach him a bit on the basics of salesmanship and together we visited quite a number of our customers. Later Franz left me to join the Swatch

Group and today he is the CEO of the long-established watch brand MIDO.

In late 1990, when I was 58, I decided it was time for me to take things a bit easier. I had suddenly developed some hearing problems and I started to look around for a manager who could take over the operational side of the business from me. In early 1991, I placed advertisements in several Swiss papers and received a number of applications, including one from Roger Bönzli, a Swiss electrical engineer who had spent five years living and working in Korea and Hong Kong for a large Swiss corporation and who was ready to return to Switzerland. I met him during one of my regular trips to Hong Kong, and Raymond Chan and I agreed to hire him as my right-hand in IDT Europe's office in Bern. During the following years we opened new national sales offices in our key European markets, so Roger started to handle mainly large OEM [original equipment manufacturer] clients such as Philips in the Netherlands and others in the Swiss and Scandinavian markets.

## The origins of the brand “Oregon Scientific”

I have often been asked to explain the origins of the “Oregon Scientific” brand. Back in 1985, IDT had received an order from a start-up company in Portland, Oregon, to manufacture a series of measuring instruments which required a custom-made injection tool. This start-up company was called Oregon Scientific. When IDT requested the usual pre-payment, this start-up, obviously short of cash, instead offered IDT 25% of its shares as a down payment. Later on, when IDT delivered the tool and requested payment in full, the start-up again found itself in a critical financial situation and offered us another 25% of its shares as well as the right to register its brand

worldwide, with the exception of the US and Canada. A few years later, this start-up closed down and IDT managed to obtain the rights to the name Oregon Scientific in the USA and Canada as well as all of Europe.

IDT then designed an Oregon Scientific logo, multilingual packaging and warranties and selected those products that would be launched under the Oregon Scientific brand. Our sales offices, which so far had had only an agent function with clients importing merchandise directly from Hong Kong, suddenly became importers and wholesalers who would sell the landed products directly to the retail outlets in their markets.

### Extending the product range and opening sales offices in France, Italy, the UK and Spain

IDT continued to grow at an amazing pace in the early 1990s, thanks to its expanding range of very innovative electronic consumer goods. The product range went on to include electronic translation machines and cordless phones, followed by instruments to measure blood pressure and other health care products. IDT was the first company in the Far East to make a radio-controlled clock for the European market. These radio clocks took their cue from a time signal based on an atomic clock and broadcast by a very powerful, very low frequency [VLF] transmitter near Frankfurt in Germany. This time signal can be received virtually anywhere in Europe.

Raymond Chan and I now felt we had to be even closer to the market in Europe and in 1993 Raymond asked me to open subsidiary offices in or close to Paris, Milan, London and Madrid. Their mission would be to sell “no name” IDT products to local importers who would then sell them under their name

via their established outlets. However, this solution was not ideal because it broke production down into smaller series with higher costs and less control.

It took me about a year to find suitable country managers [complicated by the fact that Raymond Chan had a prejudice against people with beards and moustaches] and then suitable office premises (*feng shui* again!). For Italy, I finally selected someone called Giuseppe Finocchiaro. He turned out to be a real marketing genius, and within a few years he managed to turn the Oregon Scientific brand into a household name in Italy thanks to brilliant television advertisements. His ideas were taken over by some of our other country offices, but for many years Italy remained our largest market for Oregon Scientific products.

IDT's sales continued to grow throughout the 1990s as the company further expanded its product range. As a result, IDT had to double its production facilities in Shenzhen to over 100,000 square metres and it built its own research and development building with a surface area of 12,000 square metres. Its workforce in Shenzhen increased to 10,000 people who all worked, lived, ate and slept in the factory compound. By the mid-1990s, IDT's annual sales in Europe reached USD 130 million, or 35% of the group's total sales.

## Closing IDT Europe's office in Bern in 1996

By 1996 IDT had sales offices in London, Paris, Milan, Madrid and we also had the Huger Barometer Company in Germany. I was still trying to reduce my workload so we decided to close the European headquarters in Bern on 31 March 1996 and my management function was taken over by our country manager in Italy, who became president of IDT's operations in Europe.

I myself had been nominated CEO of Huger in Villingen and a non-executive member of IDT's board. I was also the board representative for Europe.

My function as CEO of IDT Europe was taken over by Giuseppe Finocchiaro, which meant that the nice office I had in Bern was going to be closed. The European headquarters were moved to Milan and Giuseppe took over my job. However, I stayed on as CEO of the Huger Barometer Company and as a non-executive member of IDT's board of directors until 2005, when I re-signed completely. Roger Bönzli went on to open his own successful import office in Switzerland called OS Technology.

### IDT liked a high-calibre board

Besides having some local Hong Kong businessmen on his board, Raymond Chan was able to get Dr. Kenichi Ohmae, a graduate from MIT in nuclear engineering. Dr. Ohmae was a Japanese management guru and a founding partner of the international management consulting company McKinsey and Co. in Japan. In 1994, *The Economist* magazine named him as one of the world's top five management gurus. While he certainly was a fascinating person, our consumer electronics company was of a size and type he was not really used to dealing with.

In 1999 I approached Jack Schmuckli, the former Chairman and CEO of Sony Europe, and persuaded him to join IDT's board. In 1989 Jack Schmuckli had been the first European member of Sony's board of directors. I had read in the *Neue Zürcher Zeitung* that he was due to retire from his position at Sony Europe at the end of 1998 and while at the *Domotechnica* trade fair in Frankfurt I called his former personal secretary and managed to obtain his pri-

vate address in Germany. With Raymond Chan's approval, I called him out of the blue and since he was in the Frankfurt area we met for the first time two days later. Jack Schmuckli was intrigued by the success of IDT in electronic consumer goods and agreed to join the board. While writing this chapter 14 years later I see that Jack Schmuckli is still a member of IDT's board.

Meanwhile, in Hong Kong, IDT had hired an extremely well-qualified person named Alain Li. Alain has a French mother and his father was a Hong Kong banker. He himself grew up in France, Switzerland, the UK and Hong Kong. IDT had hired Alain to run the entire Oregon Scientific part of the business on a worldwide basis. Unfortunately, it did not work out as we all had hoped because of management issues. I personally got on splendidly with Alain and we both decided to leave IDT's board at about the same time in the autumn of 2005. Thanks to his qualifications and Chinese-European dual-cultural education, Alain had no trouble finding a new position and went on to become the Regional Chief Executive for Asia Pacific of the famous Richemont Group, which owns some of the top Swiss luxury watch brands including Cartier.

## Reflecting on 20 years with IDT

I must admit that, looking back over my life, the 20 years I spent working for a Hong Kong Chinese company were an incredibly enriching experience. In 1999/2000, IDT employed a workforce of more than 10,000 and its turnover was to peak in 2005 at HKD 2.9 billion (approximately USD 374 million). It was a thrilling experience to help a dynamic entrepreneur like Raymond Chan build up his company in 20 years from a relatively small outfit employing a few dozen workers to an international group quoted on the Hong Kong and

New York stock exchanges.

Unfortunately, IDT has not been very successful in the past few years. Its workforce has decreased to about 3,000, real technological innovations have been rare and its turnover and profit have been decreasing.

I have asked myself more than once which management style is better: the classic rational way prevalent in Europe and the US, or the Chinese way with all its secretive arrangements, superstitious beliefs and intuitive way of determining when to take decisions and action. Many of the behavioural and hierarchical rules laid down by Confucius are still palpable at the back of the Chinese mind and in many ways continue to enforce a certain discipline. What at first might seem to the Western mind to be the totally irrational principles of *feng shui*, for example, turn out to contain simple logical rules that have found an echo with many of the contemporary Western world's star architects and interior designers.

I have been told that the Hong Kong Chinese are the most superstitious people of China. But are we in the west any more rational? In the US, for example, many hotels do not have a 13th floor but use the space to house air-conditioning and other service equipment.

Chinese people in general – and the Hong Kong Chinese in particular – are extremely hard-working people who are keen to create wealth and are prepared to put in long hours at the office or factory while taking very few holidays. I was to discover that they also have a great sense of humour and like laughing a lot. My Chinese years were for me a very valuable experience.

## Serious health problems

In 1991 I was suddenly given a sharp reminder that I was not an indestructible machine but a mortal human being of flesh and blood. About four or five times during the spring of 1991 I experienced a sudden total – or sometimes just partial – loss of hearing in my right ear. These “attacks” would last several days or, if I was lucky, only several hours, but I realised something was wrong and that I had to seek medical help. I went along to Bern’s famous University Hospital (*Inselspital*), and the medical professor who examined me recommended a strong cortisone treatment. My regular GP, Dr. Nicolas Gossweiler, did not agree and instead ordered an MRI scan of my head. A close examination of the pictures revealed a small tumour near my right ear and Dr. Gossweiler said there was no doubt it was the cause of my hearing problems. He diagnosed it as an acoustic neuroma (a slow-growing tumour in the canal that connects the inner ear to the brain) and said it would have to be removed because although it was a slow-growing tumour, in the long run it would be fatal. The next question was who should carry out the surgery, and when. I learnt that there was then only a handful of surgeons in the western world who were experienced in operating successfully on these rather rare tumours. One was in Stockholm, a couple were in the US and, luckily for me, one – the legendary Professor Ugo Fisch – was working at Zurich’s University Hospital, right opposite the Federal Institute of Technology where I had studied in the 1950s. My GP fixed an appointment for me with Professor Fisch and in August 1991 I went with my wife Leonarda to meet him.

Professor Fisch examined the MRI scans and confirmed that a relatively small tumour was causing the problem. He then gave me a choice: he could

either operate immediately with the advantage that the important nerve controlling facial expression would most likely remain undamaged; or he could operate in four or five years' time but with a high probability of damaging the facial nerve. I talked things over with Leonarda and we decided on the first solution and I was given a date in December 1991 for the surgery.

When the time came, Leonarda accompanied me to Zurich and saw me into the hospital. All the hair on the right side of my head was shaved off and I entered the operating theatre with quite a punky hairstyle. Professor Fisch operated for close to six hours to remove the small tumour which had grown around the nerve controlling my hearing and balance with the result that after the operation I was still able to smile, but I had no hearing in my right ear and my sense of balance was seriously impaired.

While I was recovering from surgery in the hospital's intensive care unit, the machines monitoring my condition warned the nurse more than once that my entire system was close to collapse, but after two weeks the worst was over and I was on the way to recovery. On 23 December my son Christoph picked me up from the hospital and drove me to our chalet in Gstaad, where I was to continue convalescing. Just after leaving the hospital I asked Christoph to stop at the nearby university bookshop, where I bought a book Professor Fisch had just published describing his avant-garde surgical techniques to remove acoustic neuromas through the ear. Previously, such tumours were accessed by making an opening in the skull and I was very curious to learn exactly how Professor Fisch had operated.

My recovery was slow. I had to learn to walk with only one functioning balance nerve, and it was several weeks before I felt relatively secure on my

legs. I also had to come to terms with the fact that my hearing on the right side was gone for ever and that no hearing aid could help. After about three weeks I asked Marianne Berg, my neighbour in Gstaad, to accompany me on my first test-run back on skis. Not only was Marianne a friend whom I had known for years, but she was also a licensed ski instructor. I was amazed to discover I felt more confident on skis than when walking and this gave a big boost to my morale.

Over the following years I learnt to cope and live with my disability, but I also had to accept the fact that I was mortal and had come up against some physical frontiers. I was no longer allowed to go diving in the sea because I was unable to orient myself under water and could not tell up from down. What irritated me more, however, was that my golf game got worse and worse because I had no sense of balance during the critical backswing.

More than a year after my operation I tried to participate in one of the Swiss University Ski Club's "Old Fellows" giant slalom races in Crans as I had done every winter in the past. I started down the track full of enthusiasm, but in the second gate, where it was quite bumpy, I totally lost my horizon and control and was forced to give up. In more recent years I have also had prostheses fitted in both knee joints so I have to be extra-careful when skiing, avoiding rough surfaces and bad visual conditions, where I could totally lose my balance and fall. I still adore skiing, even if today I am only a fair-weather skier.

Being deaf in the right ear also proved to be rather tiresome. I have to take care where I am seated at dinners and explain to anyone on my right side what the problem is before they think I'm being rude and ignoring them!

Anyway, more than 20 years have passed since my operation and my troubles no longer really bother me in my daily life.

## Celebrating my 60<sup>th</sup> birthday



At my 60<sup>th</sup> birthday celebration in Gstaad (1992).

By the autumn of 1992 I felt I had recovered sufficiently from the traumatic events of 1982 and my health drama of 1991. I decided to invite my closest friends to join me in celebrating my 60<sup>th</sup> birthday on 19 November. The dress code was “Black tie and Scottish tartans” and the venue was the restaurant of the historic Olden Hotel in Gstaad. I invited about 80 guests, including Raymond and Shirley Chan from Hong Kong and Kathy McKeany from New York. Everyone was obliged to wear some tartan, be it on a hat, scarf, tie or kilt. My family of course sported the tartan of the Henderson clan. A bagpiper in full regalia welcomed guests as they arrived and wine flowed in Falstaffian quantities. The evening was filled with speeches and emotions and, looking back, I think it was one of the best birthday bashes that I have ever had. I wanted it to be a gesture of thanks to all those friends and relations who had supported me and my family throughout the difficult times we had lived through.

## **Chapter IX: Heuer becomes TAG Heuer | 1982 – 2000**

Watching “Heuer” become “TAG Heuer” — First signs of a rapprochement — Massive increase in the advertising budget — Formula One again — The 1996 public offering and the 1999 sale to LVMH

## Watching “Heuer” become “TAG Heuer”



After I had left Heuer-Leonidas in June 1982 I was preoccupied with rebuilding my professional career and did not pay close attention to the subsequent fortunes of my former company. What I can relate about those years is therefore based on information I gleaned from the media or from hearsay. What

I do know is that at the end of 1982 the company was back in the black, as my successor Willy Monnier proudly informed me in a letter accompanying my severance payments. Sales of the diving watches successfully launched during my time at the helm had continued to grow strongly and had helped turn the company around.

On 29 June 1985 I opened my copy of *Der Bund*, the German-language paper serving readers in the canton of Bern, and read with surprise that my former company had been sold to a Saudi business group called TAG (an acronym for *Techniques d'Avant Garde*). The newspaper article, which I cut out and kept, also included details of how Heuer's business had developed in recent years. While sales in 1981 had been only CHF 13 million, two years later in 1983 turnover had more than doubled to CHF 29 million – a new record for the company – and in the first six months of 1984 turnover was already 40% up compared with the same period of the previous year.

The article also divulged some interesting details about the owner of the TAG Group: he was Akram Ojeh, the then 66-year-old Syrian-born Saudi businessman who was believed to be one of the richest men in the world. His son Mansour, who in 1985 was 33 years old, was CEO of TAG, which had invested

heavily in Formula One racing by becoming partner with both McLaren and Porsche. The article in *Der Bund* went on to say that Akram Ojje had made his fortune in arms deals and was now trying to invest in less risky companies and sectors such as Thomson-CSF, which owned a semiconductor factory in Grenoble. The TAG Group had also invested in a cement factory in the US and in the Meridian Hotel Chain. Furthermore, TAG was also the official representative of the Canadian company manufacturing the Challenger jets. The TAG Group's entire share capital amounted to USD 100 million.

I was quite curious about the price my former company had fetched. I had no confirmed facts, but rumours doing the rounds of the watch industry spoke of a price in the region of CHF 12 million. In 1982, Lemania, a subsidiary of Piaget, together with other shareholders, had invested CHF 2 million in recapitalising the company, so if the rumours were true they had increased their stake sixfold after just three years. It was actually Yves G. Piaget, the nephew of Valentin Piaget, who suggested to his friend and client Akram Ojje that he might like to buy the Heuer company from its various shareholders. In his autobiography *Yves G. Piaget, orfèvre du temps*, published in 2010, Yves Piaget describes the moment thus:

*“One day Akram Ojje said to me, ‘Yves, I would like to get the initials TAG on a Swiss product.’ Akram Ojje was thinking of finding something in the Swiss watch industry and that is why he approached me. By chance, at that very moment the watchmaking company Heuer – famous in Switzerland since 1860 and one of the first to be official timer of the Olympic Games – found itself in a difficult situation. Heuer’s new owners were not particularly interested in remaining in the sports watch sector and there was a need to find some new financial owners. That’s how it came about that, together with*

*Akram Ojje, I had the opportunity of creating the TAG Heuer brand, in other words joining the acronym 'TAG' with Heuer."*

Yves Piaget goes on to explain the origin of the new TAG Heuer logo which remains in use today:

*"From 1985 to 1995 I was on the board of TAG Heuer which was quite separate from Piaget and Baume et Mercier where I exercised my principal management functions. I launched myself into the TAG Heuer adventure having designed a new logo for it in a sketch on a table-top in Geneva with the chairman of TAG Finances. I had to combine the graphics of "TAG" with the Heuer logo in the form of a shield in two colours, green and red, with the lettering in white."*

[Both quotes translated from French]

On 1 January 1986, after the takeover was finalised, the company formally changed its name from Heuer S.A. to TAG Heuer.

## First signs of a rapprochement

During the following years I would make my annual pilgrimage to the Basel Watch and Jewellery Fair but continued to avoid the TAG Heuer stand. Then one day in 1995 I had a phone-call out of the blue from one of my former secretaries, Doris Fuhrer, who was working at TAG Heuer. She asked me if I had any idea where the company's archives were. I was very surprised to get such a call and told her that my sister and I had donated the company's archives to Bienne's municipal library where they had been shelved alongside the papers and records of many of the city's historic families and enterprises. The secretary went on to explain that TAG Heuer had com-

missioned Gisbert Brunner, a German journalist based in Munich, to write a history of the company, and that he naturally needed access to all the company's records. At this time Gisbert Brunner already had a reputation for being one of the most eminent and well-informed journalists covering the watch industry. He has clocked up a long list of authoritative articles and books on horology. I agreed to meet him together with my sister Irène, who was three years older than me and had a much better memory about Heuer family matters, including our youth.

We had several meetings with Mr. Brunner in Bienne's municipal library and allowed him to make copies of many documents and photos in the Heuer family and company archives. At the 1996 Basel Watch and Jewellery Fair TAG Heuer proudly presented Mr. Brunner's finished work, a very attractive and heavily-illustrated history of the company in German called *Heuer & TAG Heuer: Die Beherrschung der Zeit*.

This book was a kind of "first" for the Swiss watch industry and it was translated into English (*Heuer & TAG Heuer: Mastering Time*) and French (*Heuer & TAG Heuer: La maîtrise du temps*). A specialist book, it received widespread distribution after being offered to major book distributors and it helped significantly to upgrade TAG Heuer's image. In a way, TAG again proved itself to be really "avant-garde" – at the time this type of company history and brand promotion was considered a luxury and was not yet a widespread part of a company's strategy. Today, of course, it is *de rigueur* for any self-respecting brand to commission a writing of its history.

As a "thank you" for the time we had spent helping Mr. Brunner, both my sister and I received a gold automatic TAG Heuer watch from Christian Viros,

who had become TAG Heuer's CEO in 1988, replacing Willy Monnier. I later asked TAG Heuer for enough free copies of the book to distribute to any one I could identify who had a drop of company founder Edouard Heuer's blood in them. In the autumn of 1996 I invited all the relatives, both near and distant, that I had identified to a family reunion in a restaurant on the shores of the Lake of Bienne. Some 40 people turned up and all went home happily clutching a copy of Mr. Brunner's book.

In 1997 TAG Heuer contacted me again, this time to invite me to the Basel Watch and Jewellery Fair to celebrate the re-launch of the classic "Carrera" line in the presence of Formula One racing legend Clay Regazzoni. This was the first time I had had an opportunity to meet Clay again since his terrible accident at the 1980 Grand Prix West at Long Beach, California. The accident ended his competitive racing career and left him confined to a wheelchair. For me it was a very emotional meeting and we talked amongst other things about his years at Ferrari. Following this invitation from TAG Heuer, my rather frosty relationship with them started to thaw and from that moment on I would stop at the TAG Heuer stand at the Basel watch fair to say hello and chat with many of my former employees who had stayed on.

During these years of the TAG ownership [1985–1999] my former company was managed by a troika of former business consultants from Paris. The new owners had asked them to make a detailed analysis of the company's potential. The consultants correctly identified the strengths of the brand in the world of sports, in particular automotive sports. When they had completed their study, they presented their findings to TAG Heuer's new board which, in addition to Mansour Ojeh, also included Mr. Ojeh's friend Ron Dennis from McLaren.

It was Ron Dennis who then suggested to these three consultants that they themselves should take over the entire management of TAG Heuer. They agreed, first making sure they would benefit directly from any increase in the value of the company. With the help of brilliant advertising campaigns and massive capital investments they managed to restore the brand to – I would even say above – its former glory and pushed sales to well over CHF 300 million, making TAG Heuer the sixth-largest selling Swiss watch brand. On the advertising front they came up with campaigns and slogans such as “Don’t crack under pressure” in 1991 and “Success – it’s a mind game” in 1995, which became classics in the world of advertising. The brand grew and grew to the point where the shareholders began itching to cash in their investment.



## Massive increase in the advertising budget

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In many ways the three consultants from Paris who formally took over the company management on 1 January 1988 brought fresh wind into what was an overly traditional industry stuck in established ways of doing things and reluctant to change. A very good example of this was the strong increase in the so-called “cooperative” advertising expenditures. Traditionally, the industry spent an average of five percent or perhaps even six percent of turnover on advertising in trade magazines. Companies would let their importers finance the national advertising in their own individual markets. The TAG team did things differently – in fact, the opposite way round. They created brilliant advertising campaigns, which they then allowed their importers to use in their home markets, on the condition that they shared the costs.

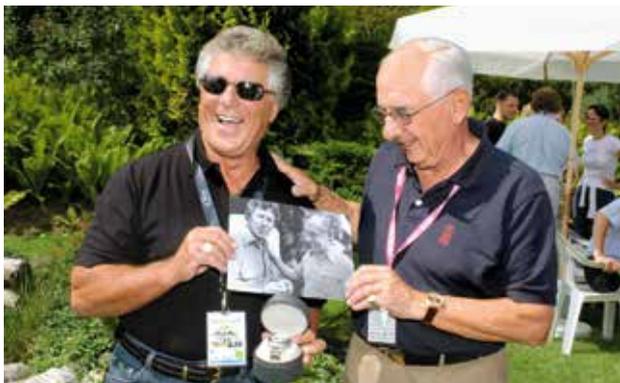


„Meta-Harmonie No 2“ 1979 - Jean Tinguely by J. T.

pour JACK W. HEUER  
Merci mille fois pour ce  
unserhalt same und & LEHRICHTE  
HEIMFAHRT begleitig:  
@ E GRUESS und uff  
Bald: Ihre Jean Tinguely

↑ Jean Tinguely's "thank you" sketch  
← and note sent following the lift I  
gave him from Zurich airport to  
Fribourg in May 1979.

→ Bo Derek with her Heuer diving watch (1979).



↑ With former world champion racing driver Mario Andretti in 2003, recreating our photo shoot of 1975.

← The dedicated photograph sent by King Juan Carlos of Spain following his state visit to Switzerland in 1979.



A Jack W. Heuer de.

*Heuer*  
1939.



↑ At TAG Heuer's 150<sup>th</sup> anniversary celebrations at LVMH's headquarters in Paris in 2010. L-R: Jean-Christophe Babin, CEO TAG Heuer; Leonardo DiCaprio; me; H.E. Prince Albert of Monaco; Bernard Arnault, Chairman, LVMH Group.

← With the Klitschko brothers in 2003.

↓ Giving a lift to a geisha while driving a Tesla electric car in Tokyo in 2010.





← With Cameron Diaz in 2012.



← The surprise giant St. Honoré cake offered by TAG Heuer for my 80<sup>th</sup> birthday in November 2012.



← With Chen Daoming, the award-winning Chinese actor and TAG Heuer brand ambassador, in TAG Heuer's museum in La Chaux-de-Fonds in 2013.

The three consultants, who had some experience in the luxury perfumes market, recommended increasing expenditure on advertising, public relations and press events step-by-step. In fact, they increased it to close to 20% of the company's turnover. This model was then gradually copied by other watch companies. Today, spending 20% of turnover on advertising has become the norm for the larger luxury watch brands.

### Formula One again

In 1992, TAG Heuer pulled off another spectacular coup by becoming the official timer for Formula One. Earlier, Christian Viros had taken or purchased back all the Formula One timing know-how from Longines, including the former official Ferrari timer Jean Campiche, and had invested in developing it further to the point where the timing technology and equipment were sophisticated enough to cover all of Formula One's demanding requirements, just as Bernie Ecclestone had requested me to do back in 1974 when we had presented a trial test of our Automatic Car Identification Timing System (ACIT) at the Formula One Grand Prix at Nivelles in Belgium.

Through its new timing system, TAG Heuer helped revolutionise televised Formula One racing by making it possible for lap times and rankings to be displayed on the viewer's screen in real time. Interest in watching televised Formula One races started to rocket worldwide and this explosion of interest allowed the Formula One organisation to ask for higher fees for broadcast rights. I have jokingly told both Bernie Ecclestone and Ron Dennis that TAG Heuer was behind the success of their Formula One money machine!

Along with Formula One timing, TAG Heuer's management came up with

many other innovative ideas that further helped both the brand's image and sales. One idea, for example, was to recreate successful classic models from the past. So in 1996 they decided to relaunch the "Carrera" and staged a professional launch event near the Ferrari team's pits at the Italian Grand Prix at Monza. I was invited to join TAG Heuer's senior management team at the Monza racing circuit on the Saturday before the race and was asked to make a short speech about the origins of the original "Carrera" launched in 1963. By now my anger at how I had been treated in 1982 had somewhat abated and I agreed to participate. Many racing drivers from my Heuer-Leonidas days had been invited and it was nice to be back in this circle again. Christian Virois invited me to a dinner in Milan the same evening; other guests included Ron Dennis and his charming wife Lisa. Conversation naturally revolved around Formula One and as I had been "away" for nearly 15 years it took me some time to get back up to speed on developments that had taken place in my absence.

The Italian Grand Prix was to be held the following day, Sunday 8 September, and during dinner Christian Virois asked me if I would like a lift from Milan out to the Monza racing circuit in the helicopter that they had chartered. Their business was over, however, and if I did not want to see the race I was welcome to fly back to Switzerland with them first thing in the morning in the company's private jet. I accepted the offer of a quick flight back home because getting away from Monza after a race was a nightmare. We took off at eight a.m. the following morning, crossed the Alps in perfect weather and landed in Bern after a 45-minute flight. A TAG Heuer company limousine and chauffeur were waiting at the airport and I was asked if I wanted a lift into town. I declined because I did not want to bother them, and their lim-

ousine then sped away in a cloud of dust. My decision had an unforeseen consequence for me. The private jet had landed hours before any scheduled flights and Bern's tiny airport out in the countryside at Belp was absolutely deserted. As buses and taxis would only turn up hours later when the first scheduled flights arrived, I was stuck out in the sticks. My wife Leonarda was away visiting her mother so I phoned my daughter Fiona for help. She was in the middle of Sunday breakfast but later drove out to Belp and rescued me.

### The 1996 public offering and the 1999 sale to LVMH

In September 1996 there was a public offering of TAG Heuer International S.A. shares to prospective investors and a total of 1,843,478 shares were taken up. The existing shareholders sold a certain number of their shares but kept a controlling majority of approximately 64%. This issue raised CHF 400 million in new capital and the "Three Musketeers", as the management troika of TAG Heuer was informally called, collected the first part of the gains from their profit-sharing arrangement.

In 1998 TAG Heuer had another clever idea: they decided to relaunch the iconic "Monaco" chronograph which, since its original debut in 1969, had acquired almost mythical status. To promote the recreated model, TAG Heuer approached Chuck McQueen, Steve McQueen's son (Steve McQueen had died in 1980) and negotiated the rights to use photographs of his father who, 18 years after his death, still exerted a power to fascinate the public. The launch of the recreated "Monaco" was an immediate success: the initial 5,000 pieces sold out quickly and the model has remained in TAG Heuer's product line ever since.

In September 1999 the majority investors and the “Three Musketeers” sold TAG Heuer to the multinational luxury goods group LVMH for a published price of CHF 900 million. Never in my wildest dreams could I have imagined that the little company of mine, which in 1982 had been struggling to raise CHF 2 million, would change hands 17 years later for such an astronomical sum. I was speechless when I heard the news. But I was also pleased, and in a way relieved, because now my former company was safely in the hands of a group that had a great respect for heritage and a reputation for handling historic brands in a very competent and sensitive manner.



## **Chapter X: A New Millennium Begins | 2001 – 2013**

I become Honorary Chairman of TAG Heuer — My new role — On the road again — The case of the genuine fake Heuer chronographs — Back on the road — Thibaud Jack Babin is born on 20 February 2005 — My first Lifetime Achievement award — At the wheel of a Formula One racing car — Co-pilot for Kimi Räikkönen — 2010: The 150th Anniversary of the company — Celebrating my 80th birthday in 2012

## I become Honorary Chairman of TAG Heuer

In the late spring of 2001 I was enjoying the last year of my 60s and already had one eye on my 70<sup>th</sup> birthday, which was no longer on the distant horizon but rushing towards me at alarming speed. I was certainly taking life more leisurely, with only my seats on the board of Schneeberger AG and IDT International keeping me busy professionally. However, in early July I received another surprise call from Doris Fuhrer, my former secretary, who had stayed with Heuer after it had been bought by LVMH. She told me that Jean-Christophe Babin, TAG Heuer's newly-appointed CEO, wanted to invite me to lunch at the Le Boccalino restaurant in Saint-Blaise, a small lakeside town just a couple of miles east of the city of Neuchâtel.

TAG Heuer had by now left Bienne and had moved into new premises on the third floor of an office building in Marin, just east of Saint-Blaise. I was quite surprised to receive such an invitation and accepted more out of curiosity than anything else. Mr. Babin brought two other senior TAG Heuer executives with him to the lunch. After some small talk, he asked what I had been doing since being forced to leave my former company back in 1982.

After lunch, Jean-Christophe – we were already on first-name terms – asked me if I would like to see the current collection of TAG Heuer watches back at his office. I agreed and off we went to the company's new offices, where Jean-Christophe showed me what was then the new collection for 2001 which had been displayed at the Basel watch fair earlier in the year. I examined each piece carefully and made some spontaneous comments on details which I have always believed to be important, especially with regard to dials. Then I drove home to Bern, musing on my little excursion.

A few days later, I sent Jean-Christophe a thank you note and in the same letter put forward ideas for two new products. I seem to remember one of my ideas was that TAG Heuer should relaunch the classic “Autavia” model, given the success of the relaunch of the “Carrera” in 1996 and the “Monaco” in 1998. This they actually did in 2003. My second proposal was to create the first Swiss wristwatch which would display the time based on the atomic clock signal broadcast by the DCF77 transmitter near Frankfurt in Germany. By 2001 only the German company Junghans had mastered this technology. However, I knew quite a lot about it because at IDT we had for years been producing thousands of radio-controlled alarm clocks.

That summer the Swiss watch industry closed down as usual for the annual “Watchmakers’ Holidays” and shortly afterwards Doris Fuhrer called me again with another invitation to lunch with Jean-Christophe in Le Boccalino. I vaguely remember first going to Jean-Christophe’s office to discuss my two proposals for new products and then going with him to Le Boccalino. What I do remember with great clarity is the moment during lunch when Jean-Christophe asked me if I would be interested in becoming TAG Heuer’s Honorary Chairman! That really took me by surprise and for a few moments I was speechless. I also clearly remember my answer. I said I still felt hurt at the way I had been treated and confessed that the emotional wounds were still not completely healed. However, I agreed to give the job a trial run until the end of the year.

In September I was invited to a dinner with the entire TAG Heuer management team, including all the country managers who had travelled to Switzerland for the company’s annual business review. The dinner took place in a charming restaurant outside the town of Morges, near Lausanne, and

when I arrived I was deeply moved by the very warm welcome I received from the country managers who had flown in from all over the world. Many of them immediately invited me to visit the countries where they were based, saying that their clients would love to meet me, and they all seemed very pleased to have a Heuer on board who could talk about the long and rich history of the company and its founding family.

A few days later, I informed Jean-Christophe that I would be delighted to work as an ambassador and advisor for the brand under his proposed title of “Honorary Chairman” – which I found very flattering – and we quickly agreed on terms and conditions. So instead of spending my eighth decade pruning roses or shuffling around at home in slippers I was on the road for another 12 years, engaged in many activities and carrying out various missions on behalf of TAG Heuer.

### My new role

The dramatic turmoil in the watch industry in the years 1975–1985 saw a great number of privately-owned watch companies subsequently taken over by the Swatch Group or the Richemont luxury goods group; only a few companies such as Patek Philippe had remained in the hands of the founding families. At TAG Heuer I had of course no operational authority, but I could at least stand in front of the media as someone who had been creative and successful in the period before the downfall of our industry in the late 1970s. This in turn made me a much sought-after figure for the specialised media covering the watch industry. Over the past 12 years I must have given well over 500 one-to-one interviews. I think this role has been one of the most

important I have been able to play for the company because watches and chronographs are objects of interest and fascination everywhere, and the interviews I have given all over the world have had a kind of positive multiplier effect on TAG Heuer's domestic and international media presence.

A second important role I was able to play on my travels was to meet – and be photographed with – the many managers and staff in our growing number of stores.

The third area where I felt I could make a substantial and tangible contribution had to do with the creation of the TAG Heuer 360 museum in La Chaux-de-Fonds in 2007. Two years earlier, the company had left Marin and had settled in La Chaux-de-Fonds, the birthplace of the legendary architect and designer known as Le Corbusier and one of the traditional centres of Swiss watch-making. Our museum is housed in an ingeniously-designed square room where the display cases are positioned around the walls to resemble the sub-dials of a wristwatch. The museum's collection spans the entire history of the company from its founding in 1860 and I helped in the selection of the different watches to be exhibited. I was also able to verify product dates, offer many additional family photographs and donate some privately-owned antique watches. Although the museum has a very competent and dedicated curator, I am often called on to give a personal tour to VIP visitors and foreign delegations – something I admit I love doing!

## On the road again

During the 12 years which I have spent as Honorary Chairman I have filled my passport with visas and stamps as I travelled extensively all over the

world to meet key clients and the trade press. I have lost count of the number of times I have visited the US and other key markets such as mainland China and Hong Kong. Other destinations have included London, Munich, Frankfurt, Berlin, Vienna, Paris, Milan, Moscow and, further afield, Mexico, Malaysia, Dubai, Singapore and Japan. Rather than give a blow-by-blow account of all this travelling, I have chosen to describe just a few of the trips that were in some way special and remain unforgettable.

In the spring of 2001, before I started my PR activities for TAG Heuer, my sister and I received an invitation from Yosuke Saitoh, the exclusive importer of TAG Heuer watches in Japan. Mr. Saitoh wanted to show his gratitude for the trust that I had placed in him in the 1970s, when I appointed him the exclusive Heuer-Leonidas importer for Japan. He had continued to be very successful distributing our products in Japan under the TAG Heuer brand and had managed to turn Japan into one of TAG Heuer's most important markets, ranking alongside the US. In his invitation letter he said that he wanted to create a TAG Heuer museum in Tokyo because he felt it would promote the sales and image of the brand even further. My sister Irène and I accepted Mr. Saitoh's kind invitation and he organised a week's programme for us in Japan and even took care of our air tickets.

Before leaving Switzerland I was wondering what I could bring Mr. Saitoh as a present. I decided to give him the Swiss army rifle which had been issued to my great-grandfather Edouard Heuer, who had founded the family watch-making company in 1860. For years the rifle had been gathering dust in my cellar and I thought it would be quite an original object for Mr. Saitoh to display in his planned museum. I started making enquiries to see if it was possible to import a rifle into Japan and was told it was possible if one ob-

tained a permit and if the rifle had been made unusable. I then took the rifle to a professional gunsmith who sealed the barrel with a metal plug. When I arrived in Tokyo I was carrying this rather conspicuous object under my arm and immediately reported to the customs to declare it and explain that it was destined for a museum. The customs officers explained that they could not give authorisation on the spot. Six months later, Mr. Saitoh was informed that the rifle could not be imported. It was later sent back to me in Switzerland and today it is part of the TAG Heuer museum's inventory, but not actually on display. In spite of this disappointing start to the trip, Irène and I were spoiled during our entire stay in Japan. Besides Tokyo, we visited Osaka and Kyoto and enjoyed the best of Japanese cuisine throughout our travels.

My first PR mission as TAG Heuer's Honorary Chairman was to Hamburg in 2003 with Jean-Christophe Babin. Marc Deckenbrock, who was then – and today still is – the press officer of our German subsidiary, wanted to take advantage of the fact that I was a German-speaking company representative and invited me to the next PR event he was planning. As big-name private guests he had secured the presence of the Klitschko brothers, the famous Ukrainian heavyweight boxing champions. Both Vitali and Wladimir Klitschko are of gigantic stature and the photographer had problems getting all three of us (especially me) in his viewfinder. As I was standing in the middle, these two giants simply grabbed me under the arms and hoisted me up so our heads were all on the same level.

In July 2003 I made my first trip in my new capacity to the headquarters of our US subsidiary in Springfield, New Jersey. I was asked to give an address to the entire staff of some 140 people, focusing in particular on the story behind the creation of the US subsidiary back in 1959. During questions after

my talk, I was asked why on earth we had chosen New Jersey rather than Manhattan, where most subsidiaries of Swiss watch companies are located. I was therefore obliged to tell them the story of George Keyko (See Chapter III: Moving our US office from New York to New Jersey). This was an interesting piece of history for this younger generation, as the move had taken place nearly 35 years before. During this same visit I met two of the Swiss watchmakers I had hired 30 years before and had sent from Bienne to our New Jersey office to handle repairs. They had stayed with the company all these years and had become US citizens with no intention of returning to Switzerland. This trip to the US was particularly freighted with emotions for me.

Towards the end of the first year in my new job, I was invited to participate in TAG Heuer's annual Country Managers' meeting in Dubai. It took place over a long weekend in December and the programme included some desert cruising in Land Rovers, a Bedouin-style dinner in a tent in the desert and, of all things, a visit to an indoor ski slope!

By now I was well into the swing of my new job and enjoying it immensely. I felt lucky being able to participate in the company's PR events, which usually involved meeting key clients as well as the media. One event I will never forget is the World Skiing Championships in St. Moritz in 2003. TAG Heuer was the official timer, a function left over from the Viros years, and we were accommodated like royalty in the palatial Grand Hotel Kulm. Not only did I get a ride in a four-seater bobsled driven by a professional racer down the Olympic bobsled run [a hair-raising experience], but just after the men's downhill race I was allowed to ski down the same course behind the former French Downhill World Champion, Luc Alphand. It was at the same event that I got to know Antonio Belloni, then the relatively-new Group Managing Director of LVMH,

and his charming wife Giovanna, who was a bit unsure skiing in this new and rather difficult terrain and asked me to guide her down the different runs.

Another unique event that year was the Ennstal Classic race in Austria. After a long and difficult two-day rally through the Austrian alps, this classic car event ended in a small village called Gröbming in the Ennstal region of central Austria. The highlight of the last day was for all the cars to participate in a race around the village. TAG Heuer was the official sponsor and as Honorary Chairman I was invited to sit in one of those classic cars as a passenger. For safety reasons they decided to let me sit next to Gerhard Berger, at the time a Formula One racing driver. Gerhard himself had driven on his motorcycle from Innsbruck to Ennstal and for the race I was placed in a lovely old Ferrari that had once won the Mille Miglia. Gerhard was driving at full speed on the long straight when we suddenly came across a chicane made of straw bales that had been erected in the middle of the road. Gerhard did not brake or take his foot off the accelerator, but with quick movements of the steering wheel simply manoeuvred the car past the obstacles while I closed my eyes. This race was loved by owners of classic racing cars as they were allowed to go full pelt around the course. After the race there was a large reception at which all these enthusiasts could meet, talk shop and swap stories with their fellow racing car buffs. Marc Deckenbrock, the press officer of our German subsidiary, had arranged for me to meet Mario Andretti, the former Italian-American world champion racing driver who had been invited by the organisers as guest of honour and had flown in from the US. Mario and I arranged to recreate the photo shoot of 1975 when I presented him with the Heuer chronograph that we used to give all Ferrari's official Formula One drivers.

## The case of the genuine fake Heuer chronographs

Something rather bizarre also happened in 2003 and I must not leave it out of my story. In this year quite a number of large-sized Heuer wrist chronographs suddenly turned up on the collectors' market. Although the models were completely unknown to the collectors, there was no doubt that the movements were genuine Heuer movements for pocket chronographs. There was a rumour to the effect that these pieces came from some place in the former Czechoslovakia and I was asked by many collectors for an explanation. I then remembered that during the Second World War the man who was our representative in Germany had moved temporarily to Czechoslovakia and had ordered a number of Model 1101 pocket chronographs from us. It now seems these chronographs never went to war but got stuck in some army store, where a smart watchmaker later got hold of them and arranged to have large cases made into which he could insert these movements. So I suppose they can be described as genuine fakes! However, the market for these curiosities quickly dried up since the quantity we had supplied was very small, indeed probably only around a hundred pieces.

## Back on the road

In the autumn of 2003 Leonarda and I spent a perfect week in Florence. The trip was a farewell present from the Schneeberger company – I had been on its board for more than ten years but had been obliged to retire upon reaching 70. We very much appreciated this treat since neither Leonarda nor I had been in Florence as tourists for at least a quarter of a century.

Another unforgettable event happened during my PR visit to Mexico in 2004. Mexico is one of TAG Heuer's best markets in Central America and I had been asked to give a speech about how I had created the "Carrera" chronograph. TAG Heuer's exclusive importer in Mexico had informed some Mexican collectors about the event and I was stunned to hear that two brothers who collected classic Heuer chronographs had flown in to attend. One had travelled from Los Angeles and the other from Acapulco on Mexico's Pacific coast. At that moment I began to realise that these collectors of Heuer chronographs manufactured during my active years with Heuer-Leonidas were not only connoisseurs of our products but also ambassadors for the brand. TAG Heuer has made it a priority to cultivate good relations with the large group of Heuer collectors and aficionados around the world.

Whenever I visited a city for the first time I would ask to be given one day off for sightseeing. For example, when I visited Beijing for the first time I had a tour of the former Imperial Palace and also made an excursion out to the Great Wall. On another visit to China I had time to fly to Xian to see the famous underground Terracotta Army discovered in 1974. I must say that TAG Heuer always took very good care of me!

My wife Leonarda accompanied me on some of these trips. When we visited the US together we would stay on a few extra days to visit our friends Kathy and Neil Chrisman at their farm in the Berkshire Hills in Massachusetts. Another treat was our trip to Russia, where we could do some sightseeing in both Moscow and St. Petersburg.

Every quarter, TAG Heuer would update me on its research and development projects, and another role Jean-Christophe devised for me involved sitting

down with the company's younger brand managers and asking them to show me what they were working on. Most of these young people were very talented and had an excellent educational background, but they just needed to learn a little more about the technical side of the watch industry. This activity was just perfect for me as it made use of my many years of experience in product development. It was also something I greatly enjoyed doing.

### Thibaud Jack Babin is born on 20 February 2005

On 21 February 2005, Jean-Christophe Babin sent me an email in which he informed me that the previous day his wife Marzia had given birth to their third son and that they had named him Thibaud Jack Babin. It never occurred to me to think that the "Jack" had something to do with me and I assumed they had had their own family reasons for choosing the name, perhaps in honour of a favourite relative called Jack as had been the case when my parents chose my first name. I sent a note of congratulations and was surprised when Jean-Christophe told me he was surprised I had not reacted to the choice of given name! The penny dropped and I was deeply moved. Jean-Christophe explained that "Jack" was indeed in honour of me as he considered me to have been his spiritual father over the past three years as I helped him settle into the company and guided him through the bumpy waters of the watch industry. I was really touched to learn how much Jean-Christophe had valued my help during his first years at TAG Heuer.

## My first Lifetime Achievement award

Two years later, in January 2007, Leonarda and I flew to New York because I had been selected by the US Jewelry Information Center (JIC) to receive its 2007 GEM Award for Lifetime Achievement in the industry. The presentation took place at a very chic black tie dinner held at Cipriani's on 42<sup>nd</sup> Street. The laudatory speech was given by Ulrich Wohn, the CEO of TAG Heuer USA, and this large iconic restaurant was packed with at least 500 guests. My heart was thumping when I had to walk onto the podium to thank Ulrich for his speech and the JIC's committee for having selected me. I was dazzled by the glare of the spotlights and it took me some time to realise that the whole audience was on its feet: they were giving me a standing ovation for my contribution to the watch industry. That is another occasion I shall never forget.



In New York with the Jewelry Information Center's Gem Award for Lifetime Achievement (2007).

## At the wheel of a Formula One racing car

Another memorable experience for me has to do with racing cars. Even though I had been heavily involved with Formula One for years, I had never been allowed to drive – or even sit in – a Formula One racing car. In May 2005, TAG Heuer sent me and Jean-Christophe Babin to the AGS Formula One Driving School at Le Luc in Provence to learn how to drive a Formula One car. So there I was, nearly 73 years old, having an hour of theory and making a few rounds in a smaller GP3 car before finally getting into a Formula One machine and driving it for about five laps. I chose a car with a V8 Ford Cosworth 3.5 litre 650 horsepower engine. This car had been used in Formu-

la One races by the Arrows Formula One team. Jean-Christophe Babin, also a passionate Formula One fan, was in a car once driven by Alain Prost. I can tell you that driving a Formula One car is an exciting experience, and the roar it gives off when you push the car on the long straight is unforgettable.

### Co-pilot for Kimi Räikkönen

Two years later, TAG Heuer organised a spectacular event for the media at the Le Castellet racing circuit near Marseille in the south of France. They had lined up some of the top dream cars of the year and allowed journalists to test drive all these cars accompanied by a professional driver. I had tried out an Audi and a Porsche, both on a slalom and a wet course, before going onto the real racetrack in a black Ferrari with a 750 horsepower engine. On the straight run I pushed the car to its top speed, which was then measured electronically. I managed to reach 234 kilometres an hour, a speed at which I had never driven before. We were allowed to complete three laps and then we had to hand our cars over to a team of professional drivers who had been brought in to demonstrate what a professional racing driver could get out of them. These drivers jumped into the cars, drove two laps to warm up the tyres and to get used to the car, and then stopped with engines running to pick us up as passengers. I chose to get into the same Ferrari I had used on the training laps. Of course, I could not recognise my driver as his head was covered by his helmet. Just before we set off I tapped on his helmet and asked, "Who are you?" A rather grumpy voice replied, "I'm Kimi!" I was sitting next to the 2007 Formula One World Champion, Kimi Räikkönen, who then showed me what he could do with the same car on the same circuit. We whizzed past marking poles with just centimetres to spare and did con-

trolled slides around corners. This was definitely one of the highlights of my time as TAG Heuer's Honorary Chairman.

## 2010: The 150<sup>th</sup> Anniversary of the company

In 2010 TAG Heuer was going to celebrate the 150<sup>th</sup> anniversary of the founding of the company and was thinking of ways to mark the occasion in an appropriate manner. I suggested that on the product side we should try to finish a development we had had in the pipeline for some time: a magnetic balance wheel which operated without a hairspring. For more than 200 years watches had needed a hairspring to keep the frequency and motion of the balance wheel going. A young engineer in our research department by the name of Thomas Houlon had made a wooden mock-up of a balance wheel driven by magnets glued on the mock-up in appropriate places. When he showed it to colleagues and his superiors he was a bit frustrated that nobody appeared to realise just what a revolution his idea represented. In his frustration, Thomas called me at home and told me about his test results. I realised at once the importance of what he was doing and pulled the necessary strings to get the company to fund this project. Development was speeded up and TAG Heuer was able to present a working movement for the 150<sup>th</sup> anniversary. It was christened the "Pendulum" and it still had some weaknesses, such as temperature stability, but the entire industry nevertheless was stunned and the trade press scrambled to cover the story. Following three years of fine-tuning, TAG Heuer used the occasion of the 2013 Basel Watch Fair to present the first production models employing a "Pendulum" escapement which no longer has the weak points of its prototype.

The company's 150<sup>th</sup> anniversary in 2010 was approaching. To kick off the festivities, our partner McLaren in the UK agreed to host an event for the press in December 2009 at its spectacular Technology Centre, which was designed by Norman Foster and opened by Queen Elizabeth II in 2004. This is the place where McLaren Formula One cars are developed and where their cars that have won world championships are exhibited. I have never seen such a spotless car assembly plant – it looked more like a hospital than a garage! I was asked to make a speech after Ron Dennis had opened the event, and then we all took our places at a very long table that seated about 160 people. It looked as though a state banquet was taking place. Later, McLaren sent me a model of their car in which Lewis Hamilton had won the 2008 Championship. The brass plate on the model's plinth carried the inscription, "Winning Partnership".

Ron Dennis had been asked to join the board of TAG Heuer when my former company was taken over by the Ojeh family in 1985. I was told later that it was Ron who had asked the consulting team from Paris to take over the management of TAG Heuer from 1 January 1988.

The next big event in the TAG Heuer Anniversary Year was held the day before the opening of the 2010 Basel Watch and Jewellery Fair. TAG Heuer had rented a huge empty factory hall and decorated the walls with large photographs of four generations of Heuer presidents and our current brand ambassadors, including the actor Leonardo DiCaprio. Acrobats from the Cirque du Soleil were floating around in the air on ribbons. It was truly spectacular. When it finished, Jean-Christophe, Leonardo DiCaprio and myself each made a speech. In mine, which I had researched and worked on quite a bit, I pointed out that throughout its entire 150 year history TAG Heuer had on

average brought out a documented world's first innovation in watchmaking technology every two to three years, proving that innovation was in the company's genes.

We had had close to two hours between the rehearsal and the official opening of the event and I spent some time chatting with Leonardo DiCaprio. Both his parents had come with him to Basel and I also chatted with his father, George. George DiCaprio looked like an ageing hippie and he admitted he had been one all his life. I found him extremely well-read and cultivated. The day after he arrived in Zurich, instead of sleeping out his jet-lag he went straight to the *Kunstmuseum*, the city's famous art museum. While sitting next to me waiting for the Basel event to begin he carefully studied the catalogue which he had bought at the museum.

2010 was also the year in which TAG Heuer launched its cooperation with Tesla Motors and that company's amazing co-founder, Elon Musk. TAG Heuer had made arrangements for one of Tesla's electric cars to be driven around the world, holding a TAG Heuer-Tesla Green Car 150<sup>th</sup> Anniversary event at every stopover. I flew to Japan to attend the event in Tokyo. The Tesla car had just arrived and I was allowed to drive it around the perimeter of the Emperor's Palace, a quite unusual place in which to test a new car. Driving this car was an uncanny experience since there was virtually no engine noise.

In December of our anniversary year, Marc Deckenbrock again organised a special event, this time in Vienna on the premises of Von Köck, a well-known jeweller. Mr. Von Köck had heard that someone had stolen the golden "Carrera" I had presented to Niki Lauda in the 1970s. The chronograph was engraved with Niki Lauda's name. Mr. Von Köck had searched for and

found an identical second-hand model and had Niki Lauda's name engraved on the back. He invited Niki Lauda to a ceremony at which I was to again present him with a "Carrera", and he used a photograph of the original ceremony in Bienne in 1974 to recreate exactly the same setting. Niki Lauda arrived at Mr. Von Köck's store exactly on time and some members of the press were authorised to enter the lower level exhibition space in which the ceremony took place. The media were in quite a frenzy as Niki Lauda is a national hero and role model in Austria, so the whole exercise was perfect for the glamour and trade press and TAG Heuer received incredible press coverage. I had a chance to talk with Niki about old times at Ferrari and about the timing system we had built for them at their Fiorano test-track. Niki confirmed that this test-track and our electronic timing system had been instrumental in allowing Ferrari to get the best set-up for their cars, which in turn was a factor behind Niki's success for Ferrari in the 1975 World Championship – the first world championship for Ferrari since John Surtees won for them in 1964.

During my 12 years as Honorary Chairman I was often asked to receive VIP visitors and to have my photograph taken with them. I would then write a personal dedication on the photograph, along with the date of our meeting. I did this as well with all our head watchmakers, who came to the factory to attend additional training courses, and also when TAG Heuer organised a Collectors' Day or similar event.

During the period when the TAG Heuer museum was nearing completion, the company bought one of the two "Monaco" chronographs that Steve McQueen had worn in the driving scenes in the film "*Le Mans*". The seller had included an affidavit from Don Nunley, the property master for the film, in

which he confirmed that this really was one of the two “Monaco” chronographs worn by Steve McQueen during the shooting of the film.

When I was asked if I thought there was any possibility that the affidavit could have been forged, I immediately picked up the phone and called Don Nunley in the US. I had not spoken with him since the early 1970s, but once I got through to him we chatted like old buddies who had not seen each other for only a few weeks – and not 40 years, as in our case. This was an important call for me because I had never really been given an exact account of why Steve McQueen chose to wear the “Monaco”. Don gave me his version of the story and I believe that the version we have now (and told in Chapter IV) is the most accurate account we will ever have. Don admitted that he had first tried to put an Omega watch on McQueen’s wrist, but McQueen had objected, saying he suspected Omega would use his name and image for marketing purposes. Don then showed McQueen the Heuer chronograph collection I had sent and McQueen chose the “Monaco” of which Don had three identical models to avoid continuity problems if one were broken or lost. Don proudly told me that he still kept one of the two models that McQueen had worn during the driving scenes and that the one we had just bought for the museum was indeed the other one McQueen had worn. A few years later, in 2012, the “Monaco” worn by McQueen in the still photography for the film was sold at auction in the US for a hammer price of USD 650,000.

In the late autumn of 2010 it was the turn of our US subsidiary to organise an anniversary event. They chose a venue out on Long Island and invited about 100 journalists, along with our brand ambassadors and VIP guests. I was again asked to give a short speech and Ulrich Wohn, the CEO of our US subsidiary, suggested I should fly by helicopter to this event together with Jean-Chris-

tophe Babin, Philippe Pascal (CEO of LVMH's Watch and Jewellery Division) and himself. Since my ear operation in 1991 I have never been comfortable in helicopters because the lack of a balance nerve on the right side of my head means I get an uncomfortable feeling of being pulled down into space. Nevertheless, I overcame my worries and climbed into a brand-new helicopter. Once we were airborne, I suddenly realised that the entire sides and floor of the cabin were transparent and wherever I looked I just saw a void down to the ground. I kept my eyes closed for most of the flight but as it lasted only 45 minutes my ordeal was not too long. The event was a success and everyone was pleased with the outcome. When the party was over, I was again offered a flight back to Manhattan in the helicopter. The alternative was to go in a coach hired for the event. This time I chose the coach and instead of 45 minutes the journey back to the hotel in Friday night traffic took close to five hours.

### Celebrating my 80<sup>th</sup> birthday in 2012



Limited Edition Heuer Carrera chronograph created by me and launched in 2012 to celebrate my 80<sup>th</sup> birthday.

During 2012 I started thinking about how to draw my term as Honorary Chairman and brand ambassador for TAG Heuer to a successful conclusion as I approached 80. I suggested to the management that TAG Heuer might like to consider creating a special “Carrera” chronograph to commemorate my 80<sup>th</sup> birthday. TAG Heuer has the rights to my family name “Heuer”, but not to my first name “Jack” or the Heuer family crest, so I had to make a contract permitting an exception. I was given *carte blanche* to design my anniversary watch the way I wanted. I asked for the

thinnest chronograph movement they had and said that I wanted to make the watch water-resistant to 100 metres only – and not to the standard depth of 300

metres. This allowed me to design a relatively thin chronograph, the back of which was to be engraved with both my signature and the Heuer family coat of arms. Giorgio Sarne, the Managing Director of TAG Heuer's Product Development division, designed a very chic leather strap with a red lining and small perforations in the leather for better aeration. His finishing touch was to put the number "80" in red in the classic tachymeter section. A limited series of 3,000 pieces was produced and the chronograph was an instant success. By the time my 80<sup>th</sup> birthday arrived nearly all 3,000 pieces had been sold.

19 November 2012, the actual day of my 80<sup>th</sup> birthday, was a Monday and Jean-Christophe Babin invited me to the TAG Heuer factory in La Chaux-de-Fonds. TAG Heuer had just won for the first time the Swiss watch industry's most coveted award: *L'aiguille d'or du Grand Prix de l'Horlogerie 2012 de Genève*. My wife Leonarda and I were invited to celebrate the winning of this prize with the entire staff of the company and, unknown to me, the staff had discreetly asked Leonarda what my favourite cake was. She of course knew it was a "St. Honoré" cake.

When we arrived at the TAG Heuer factory the entire staff had been invited for a buffet lunch in the enormous garage, which had been emptied and prepared for the occasion. A film of the award ceremony which had taken place in Geneva the previous Friday was shown on large screens and then we had a champagne toast to the success of the company. Towards the end of the buffet lunch a cart suddenly appeared bearing an enormous triple-decker "St. Honoré" cake lit up with candles. Jean-Christophe then announced it was my 80<sup>th</sup> birthday and everyone tucked into the cake. Jean-Christophe then said some very flattering words about my contribution to the company and the entire staff burst into applause. The pain and distress of 1982 were finally becoming a distant memory.





## Epilogue

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Having worked intensely for more than six months researching and writing my life story, I have finally reached the end. I am grateful to have had the time, health and energy needed to complete the project, and there is no doubt I have also derived some therapeutical benefits from it. The story which for years I had had in my mind to tell is now finally down on paper and that comes as a great relief.

Besides drawing on my memory, I also consulted my old passports and business diaries to check dates of travels and events. In addition, I was lucky to have had at my disposal the annual one-page summaries my father and later my uncle had written from 1950 to 1970 to serve as records of the company's business activities.

From 1970 until 1981 Heuer-Leonidas was a public company, quoted on the Swiss stock exchange. This of course meant we were obliged to publish annual reports which not only contained the company's detailed financial statements but also summarised developments in the watch industry in general and in our specialised market for chronographs and stopwatches in particular. These published annual reports have been a most valuable source for this book. Although several authors have covered the so-called "Quartz Crisis" from 1975 to 1983, I believe *The Times of My Life* is the first attempt to give a personal year-by-year, blow-by-blow account of the relevant period – a period which saw both the US dollar and Swiss watch exports constantly declining in value.

In addition to the documents already mentioned, I also had a large carton

box separately containing documents dealing with the dramatic events of 1981 and 1982, which culminated in me losing my company. For 30 years this box remained unopened because I could never find the courage nor the emotional strength to look inside. However, I realised that if I was to have any chance of giving an honest account of that difficult time, I had no option other than to bite the bullet and open the box. That was a difficult moment, but I did it and the documents have helped me not only to examine that period from a more objective perspective but also to give an account which I believe is historically accurate.

When I had nearly finished writing my autobiography it was announced that Jean-Christophe Babin would be leaving TAG Heuer at the end of May 2013 to become CEO of Bulgari, the Italian luxury goods company acquired by the LVMH group in 2011. I would like to take this opportunity formally to thank Jean-Christophe for his outstanding work at TAG Heuer and to wish him every success in his new post.

Finally, writing my life story has been a personally enriching experience, allowing me to relive in my mind many happy, sad, serious, funny and uplifting moments, both during my time in the watch industry and in the 19 years I spent out of it.











## Impressum

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