KEEPING WATCH: 5 MANAGEMENT LESSONS FROM 7 GREAT TIMEPIECES

by John Reed Stark

Audemars Piguet - Royal Oak

If you asked Charles Prince, Stanley O'Neal, or Zoe Cruz, they would probably all agree -- now is a challenging time to run a business. The former Citigroup CEO, Merrill Lynch CEO and Morgan Stanley co-president/CEO heir apparent (respectively), who all lost their jobs during the past year, would probably add that, given the threat of a looming recession, the reality of an erratic stock market and the continuing yet ultimately uncertain impact of the subprime fiasco, managers face an unprecedented level of scrutiny. Now more than ever, one false step can transform heroes into goats at every strata of corporate America.

Yet, corner any business person prospering despite today's challenges, and ask for an explanation of his secret, the answer will almost always be surprisingly uncomplicated. Everyone preaches that a winning management style remains the key to a brilliant career. Hall of Fame Dallas Cowboy coach Tom Landry said it best: "The secret to winning is constant, consistent management."

But that answer still begs an even bigger question -- where and how can supervisors learn what first-rate management actually entails? Well, that answer is similarly simple; you need only look to your wrist to find it. A watch can provide crucial management lessons.

Such a connection is not intuitively obvious. What could a watch tell me about effective management? Quite a lot, it turns out. Indeed, some timepieces can offer the kind of management lessons that could enlighten a Fortune 500 CEO, that could inspire small business owners to become big business owners, and that could teach middle-managers how to inspire their direct-reports.

Take a look at the five golden rules below and enjoy a quick tutorial on good management, gleaned from seven extraordinary timepieces (some that I own and some that I dream about owning). The makers of these amazing timepieces may not realize it – but their creations say as much about successful 21st century management as they do about the lure of horology.

1. THE GERALD GENTA GEFICA SAFARI AND AUDEMARS PIGUET ROYAL OAK

Gerald Genta bears the name of one of the most successful watch designers in history. The master of what some would describe as the early period of "designer" watches, Gerald Genta dominated the 1970s watch world with his unique vision of the sports watch, spearheading the creation of a trio of classics: the Audemars Piguet Royal Oak, the Patek Philippe Nautilus and the IWC Ingenieur. His own unique timepieces buck trends and mesmerize watch lovers. Recently, Hublot has even teamed up with Genta to make what will probably become its "Biggest Bang."

Consider the history of Genta's enduring AP Royal Oak. On September 6, 1651, Charles II, future King of England, found himself overthrown by Cromwell's troops, sought shelter in the boughs of an oak. Henceforth referred to as the "Royal Oak," the tree became a symbol of protection, security and power for England. Through the years, the British Navy has christened four ships with the name "HMS Royal Oak," one of them equipped with an oak bottom reinforced with steel sheets, featuring octagon-shaped gun ports. At Basel, in 1972, Audemars Piguet, inspired by this bit of history and in a radical departure from the trends of the period, presented a completely new watch, designed by Genta, featuring an octagonal bezel case design, a revolutionary shape in watch making, with plugs using 8 screws and an integrated bracelet. Watch makers balked at the unorthodox shape but watch wearers became almost instantly enamored with the "AP Royal Oak" and have remained passionately devoted to it ever since.

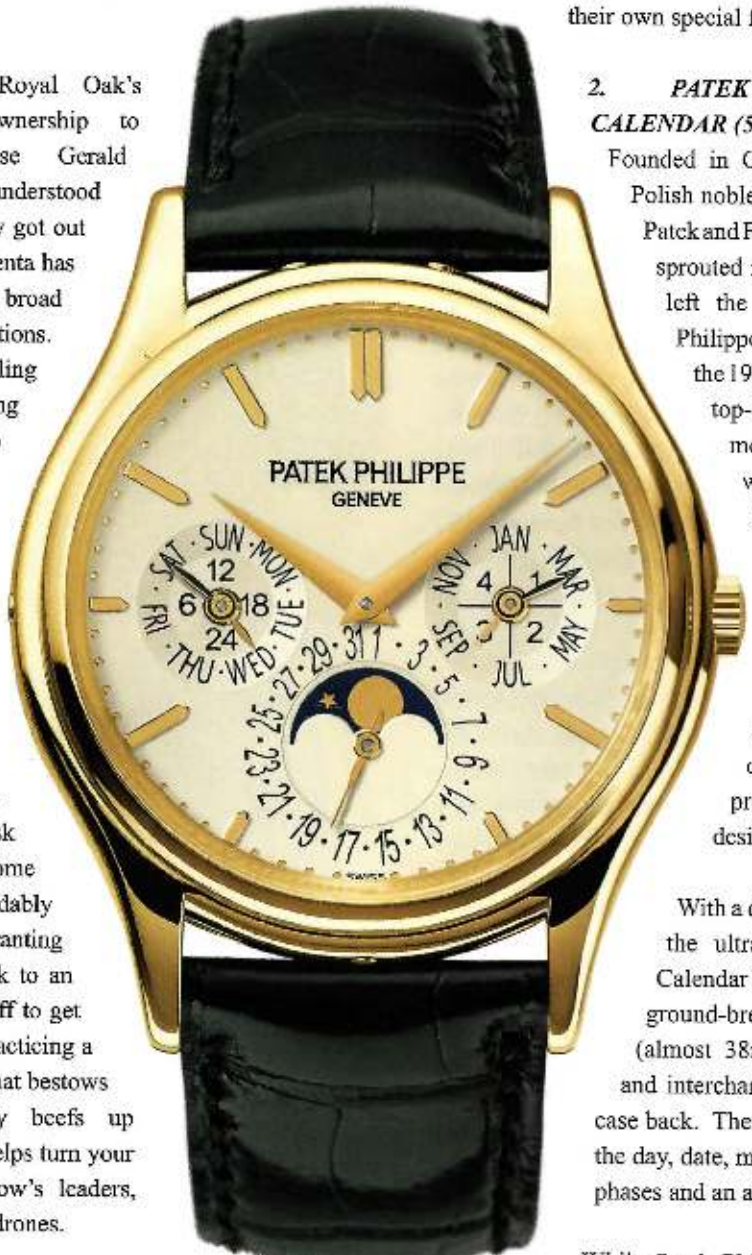
Gerald Genta sold its first Gefica watch in 1988. Born from a friends' discussion during a purported "big five" game hunt in Africa, its name stems from the merging of the first two

Gerald Genta - Gefica Safari

letters of the friends' surnames – Geoffroy, Fissore and Canali. Made from an alloy of bronze and titanium, its case gives the watch a unique character that develops a special patina over time, while its crown and two rows of titanium beads around the middle of the case echo the forms and natural hues found in African tribal art. Equipped with an exclusive bi-retro Manufacture-made self-winding Calibre GG 1004 movement with an 18 carat gold rotor, the watch is precise. There are jumping hours in an aperture at 12 o'clock, a graduated 180° retrograde minute segment in the upper part of the dial between 9 and 3 o'clock, a 180° retrograde date segment between 5 and 7 o'clock and a central second hand. There is

a 45-hour power reserve and a hollowed multi-layer dial with a sandblast finish, Art Deco-inspired hour, minute and date numerals, openwork hands, a sapphire crystal front and back, and triple-folding titanium clasp on an alligator strap.

The Gefica and Royal Oak's Lesson: Grant Ownership to Employees. Because Gerald Genta's supervisors understood his genius and simply got out of his way, Gerald Genta has prospered within a broad range of organizations. We all cherish the feeling that we are not being micromanaged. Top performers earn this rite of passage with hard work, dedication, respect for the chain of command and a commitment to excellence. Delegating critical responsibilities is always a bit of a risk and can make some supervisors understandably uncomfortable but granting "ownership" of a task to an employee inspires staff to get every detail right. Practicing a management theory that bestows ownership not only beefs up productivity, it also helps turn your workers into tomorrow's leaders, not merely perennial drones.



Patek Philippe - Perpetual Calendar

President Theodore Roosevelt once said, "The best executive is the one who has sense enough to pick good men to do what he wants done and self-restraint enough to keep from meddling with them while they do it." The executives who managed Gerald Genta understood TR's mantra all too well – and that is why their timepieces thrive in perpetuity, some even having their own special fan clubs.

2. *PATEK PHILIPPE PERPETUAL CALENDAR (5140J)*

Founded in Geneva in 1839 by two exiled Polish noblemen, Count Antoine Norbert de Patek and Francois Czapek, "Patek Phillipe" sprouted its roots when, in 1845, Czapek left the partnership and Jean Adrien Philippe joined in 1851. By the end of the 19th century, Patek had cornered the top-of-the-range watch market and most collectors and watch makers will agree, created the Rolls Royce of watches, timepieces that appreciated in value almost from the instant of purchase. At present, Patek produces a mere 38,000 or so watches every year (Rolex produces over 800,000), each one uniquely marvelous in its precision engineering, look and design.

With a dial first introduced in the 1980s, the ultra thin self-winding Perpetual Calendar Reference 5140 replaced Patek's ground-breaking 3940, with a larger (almost 38mm), more contemporary size and interchangeable full or sapphire crystal case back. The complicated timepiece features the day, date, month, leap year by hands, moon phases and an am/pm indicator.

While Patek Philippe uses the finest materials and manufactures most of its own parts (right down to the smallest wheels, cogs, screws and bracelets), so do several other outstanding companies (Vacheron and

Benrus

Constantine, Breguet and IWC to name a few). So what is it about Patek that separates the firm from the rest? No other watch making enterprise sustains the same level of devotion to their relatively small but fanatically loyal worker base (about 1,000 or so employees in Geneva and 200 or so in the U.S.), a legion of the world's most accomplished goldsmiths, jewelers, enamellers and engravers. Patek, the last surviving independent watch manufacturer in Geneva, treasures its employees. They even have their own watch making school to advance professional development and train their students to be master artisans.

The 514th Lesson: Go the Extra Mile for Your Employees. Managers should strive to mirror the sincere and passionate commitment of Patek to its employees. Focusing on the professional development of employees means making recognition a priority and making a job richly rewarding, both financially and personally. Good managing means being effusive – offering frequent compliments won't dilute their impact. Everyone enjoys hearing their supervisors praise a job well done, no matter how often. It is only human. The best managers communicate with their staff frequently and proactively, while the worst consider employee contact an afterthought or burden. Patek has nurtured an extraordinary culture among its employees, not only earning the company a stellar reputation, but also earning a Patek watch owner a healthy return on investment.

3. A VINTAGE ART DECO BENRUS

Derived from the name of one of its three founding brothers, Benjamin Lazarus, the "Ben-Rus" watch company began in New York City in 1920. The early 1920s were a turbulent time in the watch industry, as the emergence of the wristwatch had begun to slow dramatically (and permanently) pocket watch sales. The Lazarus brothers saw an opportunity and launched Benrus to produce moderately priced watches for the "common-man." Benrus established a factory in La Choux de Fond, Switzerland, to assemble their watches and a factory in Waterbury, Connecticut to build their cases (including one of the earliest waterproof cases).

Benrus made watches for WWII servicemen, including my late grandfather, an army surgeon and captain. Like other U.S. companies, Benrus contributed greatly to the Allied war effort, manufacturing both timing devices for use in bombs and

Zenith Chronomaster - T Open

weapons, and watches for GIs. My grandfather bought one of those watches. He was a selfless man, and around the time of his 40th birthday, he enlisted in the Army and embarked for England to fight for his country, leaving his worried wife, baby daughter and 11 year-old son "Dick" on an Army base in Walla Walla, Washington. The war went on for several years and my grandfather sadly found himself, at the time of my father's 13th birthday and bar mitzvah, still overseas, unable for security reasons to even tell his family where he was. So he went to the Army PX and bought a beautiful Benrus timepiece, inscribing it, "Dick, Happy Bar Mitzvah, Love, Dad from England 1945." I can only imagine how hard it was for my grandfather, a religious man, not to witness his son become a man under Jewish law and how much the purchase of that watch meant to him. Recently, right before he died, my dad gave it to me, and I plan to give it to my son on his own bar mitzvah.

The Benrus's Lesson: Reward Good Citizenship. That old and faded Benrus sparkles, with the kind of character that comes from selfless sacrifice. It also teaches an important management lesson: Managers should encourage, reward and promote employees that care not just about their own projects, but also about the overall success and vitality of their organizations, communities and countries. A notion that many managers can unfortunately neglect, good citizenship shows good character and can foster an esprit de corps that benefits all employees. Benrus carried on its tradition and supplied watches to servicemen through the Vietnam War, until Remington Razors bought the company in 1967, and, sadly, drove the company into bankruptcy a decade later. But the spirit of Benrus's commitment to good citizenship lives on in their watches and should inform the thinking of all good managers.

4. ZENITH CHRONOMASTER T OPEN AND THE OMEGA SEAMASTER CO-AXIAL GMT

In the world of fine watch making, Zenith is among the most aristocratic names in Europe. This Swiss company, founded in 1865, is not only one of the oldest horological companies, but one of a handful that still produces its own fabulously complicated mechanical movements. Zenith was founded by 22-year-old Georges Favre-Jacot, one of the first watch makers to understand the importance of interchangeable parts. By the time Jacot retired in 1929, Zenith had made watch history, winning grand prix medals for timekeeping precision at international expositions in Geneva, Paris, Barcelona, and Neuchatel. In 1969, the company won acclaim

for introducing the world's first automatic chronograph movement, the El Primero, which still thrives today, residing, for example, inside the case of my Chronomaster T Open.

The Chronomaster T Open epitomizes Zenith's precision-based engineering with its El Primero caliber 4021 automatic chronograph movement with 39 jewels, beating at 36,000 beats per hour and a power reserve of 50 hours. Above a power reserve indicator, a porthole on the front of the watch showcases its automatic chronograph movement, patented escapement and balance wheel – while the sapphire case back invites its wearer to study Zenith's inimitable, almost microscopic, wizardry. Yet, for whatever reason, the T Open and other amazing Zenith watches are not nearly as popular as they should be. Zenith watches are what my dad would have called "hidden gems."

Omega - Seamaster Co-Axial GMT

The Omega Seamaster Co-Axial GMT, a James Bond watch, and the one I wear has the famed Omega co-axial escapement and a transparent sapphire crystal back which allows me to marvel at the innovation and vision of English watch maker George Daniels, the movement's creator. Considered by many to be one of the most significant horological advancements since the invention of the lever escapement, the co-axial escapement functions with virtually no lubrication, thereby eliminating one of the shortcomings of the traditional lever escapement, and theoretically resulting in longer service intervals and greater accuracy over time. By virtually eliminating a sliding friction component from his movement (i.e. the sliding of the pallet stones over the teeth of the escape wheel), Daniels used radial friction at the impulse surfaces, and single-handedly ushered in a new era of watch making. George Daniels is what my dad would have called "a visionary."

The Seamaster and T Open's Lesson: Identify, Treasure and Promote Visionaries and Hidden Gems. Visionary employees like George Daniels and other "hidden gems" exist in every workplace. Strong managers must seek out both employment types, reward them and provide them with the kind of challenges they crave. Promotions, bonuses and other rewards are a matter of trust and respect between supervisors and employees and this trust must be sacrosanct. And when it

comes to visionaries and hidden gems, managers must also take pains to give credit when credit is due. For instance, nothing is more debilitating than when an employee reads about one of his or her own projects as a career highlight in a departing senior person's outgoing press release or farewell speech – and realizes she was never actually recognized or rewarded by that departing supervisor. Take care to make sure that these special employees are recognized for their efforts in a timely and substantial way.

5. JAEGER LECOULTRE ATMOS CLOCK

In the late 1920s, following in the footsteps of Leonardo Da Vinci, a young Paris engineer by the name of Jean-Leon Reutters constructed a clock that needed no direct mechanical or electrical intervention to keep it wound. Originally using mercury and later using a more stable saturated gas, Ethyl Chloride, Reutter created a clock powered by perpetual motion, miraculously winding itself from power generated by the most sensitive changes in temperature and atmospheric condition – hence the timepiece's name, "Atmos."

Incased in a special thermometer-like glass tube, called a Bellows, the mixture of gas and liquid expands as the temperature rises and contracts as it falls, moving the capsule back and forth like a tiny concertina or accordion. This motion constantly winds the mainspring; a small temperature variation of even just one degree can power the clock for two days. To convert this small amount of energy into motion, everything inside the Atmos naturally works in the most friction-free environment possible. The serene movement of its balance executes only two torsional oscillations per minute, 150 times slower that the pendulum in a conventional clock. The ultimate in environmental correctness, sixty million Atmos clocks together consume no more energy that one 15-watt light bulb, and, left untouched, the Atmos clock can run forever, though a thorough cleaning is recommended about every 20 years.

Together with Reutter, in June 1929, Compagnie Generale de Radio (CGR) manufactured the very first commercial production run of the Atmos, now called the Atmos 1. Legend has it, while Reutter and CGR struggled with a lack of enthusiasm for the Atmos, a manager from then Swiss watch manufacturer LeCoultre noticed one on a stroll in Paris and, struck by its wonder, not only bought it but also eventually bought its patent and stepped up its manufacture. Soon thereafter, when LeCoultre merged its operations with those of famed Parisian watch maker Edmond Jaeger's in 1937, the Atmos's popularity skyrocketed. In 1979, JLC celebrated the production of the 500,000th Atmos, the series VIII and in 1983, launched a newly renovated Atmos 540 caliber movement (and also stopped the practice of labeling the models numerically, thus ending the line of "genuinely" Reutter-designed Atmos clocks.). In 2000, JLC teamed up with Jeremy Pragnell, of George Pragnell Ltd and created the Atmos Millenium, an Atmos masterpiece decorated with Shakespearean quotations, which does not require any adjustment or power until the year 3000.

In addition to the beauty and unique movement of the Atmos, on the front of the base of the clock there is often (especially in the earlier models) an inscription presenting the clock to an employee in recognition of a successful term of service. Indeed, throughout their history, Atmos clocks have enjoyed a reputation as a special human relations tool for recognizing outstanding workers. Although given by the Swiss government to statesmen, royalty and other luminaries, including President John F. Kennedy, Sir Winston Churchill,

General Charles De Gaulle, President Ronald Reagan, Pope John Paul II, and many others, a great many Atmos's also went to hard-working Americans. Famous American corporations like General Motors, Ford, Chrysler, AT&T, General Electric and virtually all of the big oil and tobacco companies presented these clocks to their favorite workers, providing a gift of time that truly lasted forever and could be passed down from generation to generation.

(Left to Right: The inventor of the Atmos, Jean-Leon Reutter with Edmond Jaeger and Antoine LeCoultre, www.atmosdan.com)

Jorge Schefer of the renowned Tiny Jewel Box in Washington, D.C., and an Atmos clock aficionado, stated, "Awarding an Atmos clock to an employee was once the ultimate gesture of respect, admiration and gratitude. Some companies ordered hundreds of them each year. But for whatever reason, the practice of awarding Atmos clocks has slowed down significantly over the past few decades, though the passionate devotion of Atmos owners and the demand for Atmos clocks has never been stronger. They are not only uniquely stunning in their engineering – they are among the most energy efficient devices in the world."

The Atmos's Lesson: Implement Rigorous HR. The Atmos presentation clock symbolizes a company's commitment to its employees and the importance of building a relationship with an employee that lasts. Managers should take an active role in human resources programs designed to retain top talent and foster employee growth. This means conducting frequent reviews, offering steady and dependable coaching and engaging in constant dialogues with employees about their professional development. Strong managers never forget to focus first on people – the heart and soul of any organization. Winning HR programs learn from their employees by using both: 1) annual employee surveys that ask the right questions and dig deep into a company's infrastructure to uncover problems of personnel or mission; and 2) independent exit interviews that flesh out any lessons learned from departures. Senior executives must also constantly re-evaluate how a company is promoting its key people; for any team, nothing is more uninspiring and debilitating than an ill-fated promotion widely seen as undeserved.

Good managers, no matter how high up in the corporate chain, must also take special care to connect with the frontlines. New to a job? Poll all of your direct-reports (or everyone, depending on your size) and ask three questions: "What are we doing poorly?; what are we doing well?; and what are you afraid I am going to mess up?" Drawing upon the expertise of your own employees, and dedicating time to improving the management of an organization, establishes strong communication lines and takes advantage of the expertise under your own roof. Truly stellar HR programs also maintain a personal touch and reach out to employees when they lose a loved one, become ill or experience other times of extraordinary hardship. Loyalty to employees is sacrosanct — and that means remembering to offer support during tough times, even if it is just stopping by to talk, sending a note or arranging for the delivery of a meal. The silence of an unconcerned and blasé management can become deafening not only for employees struggling with a personal hardship, but also for their observant colleagues.

For horological aficionados, a watch communicates so much more than just the time. A watch can project the style and taste of its wearer; the innovation and ingenuity of its maker; and the tradition and essence of a craft which can take decades or even generations to master. And surprisingly, a timepiece—a small marvel of artisanal craft, painstaking attention to detail, split-second scientific precision and maker's pride—can even provide a lesson or two on the basics of successful management. While everyone has his or her own management style and priorities, the lessons gleaned from the watches mentioned in this column provide important signposts to success, even under the most stressful and difficult situations. Turns out that the wag who boasted his successful factory ran "like a Swiss watch" may have been smarter than even he realized. hr