

## FOSSIL STANDS THE TEST OF TIME

Gone are the days when one watch will do—that is, if you want to be in fashion. Even though you only have two wrists, now you can choose a watch for every season, occasion, or outfit. The founders of Fossil, Inc., brothers Tom and Kosta Kartsois, viewed watches as fashion pieces, not just functional timepieces. Consumers quickly took to the idea, and today the company manufactures and sells over 500 different watch styles around the world, in addition to a variety of other accessories, including sunglasses, handbags, and belts.

Within its first decade of operation, Fossil became an international organization, with its first foreign operation in Germany. But very rapidly Fossil increased its level of participation toward globalization. “That’s where you really take time to become a partner, whether it be a distributor, a sales rep company, [or] our own wholly-owned subsidiaries,” notes Gary Bolinger, Fossil’s senior vice-president of international sales and marketing. Fossil

products are now manufactured and sold in more than 70 countries.

Fossil managers developed a four-part strategy to achieve a worldwide presence. First, “it starts with product,” explains Bolinger. Second is a marketing package that tells the company’s story in a way that is “uniform and cohesive worldwide.” Third is the business system and infrastructure within each country where Fossil plans to conduct business. Fourth is “finding the right partners that can execute this program and this plan in each of the various countries.” Specifically, Fossil has formed joint ventures with organizations such as Seiko and Diesel. Fossil also owns its own companies in Japan, Italy, and Germany “where we can get the management in there that has our vision, shares the passion for the brand and can commit to the service that our customers demand in those markets,” explains Richard Gundy, executive vice-president of Fossil. Naturally, trade issues arise in each of these countries, including the European Union, which now deals in the euro, the single European currency that

will ultimately replace the currencies of individual European countries. But Fossil's strategic planning is designed to address these changes. "We talk with each of our distributors, if not daily, at least weekly with every country we're in around the world," says Bolinger. Thus, even though a currency may devalue by 30 percent one day and recover 50 percent the next day, Fossil's constant communication with distributors and others means that the company can make quick adjustments when necessary.

Another issue is Fossil's strong presence in Hong Kong, which was returned by Britain to China in 1997. Many experts speculated on how the change would affect businesses such as Fossil. Why would Fossil want to risk maintaining operations in an area of such political and economic uncertainty? According to the turnover agreement, "China will leave Hong Kong's political system intact for a period of fifty years and treat it as a special economic region," says Dermott Bland, senior vice-president of watch products at Fossil. In addition, says Gary Bolinger, Fossil chose Hong Kong for two reasons. "One is the infrastructure is there to carry out the needs that [we] have." The other reason is Hong Kong's human capital: "a mentality that the people of Hong Kong have that they can get anything done."

If Fossil already seems to be ahead of the clock in many parts of the world, the company's future goals are far from modest. "We want the world domination," says Gary

Bolinger. That means a Fossil watch on every person's wrist, a Fossil wallet in every man's pocket, and a Fossil handbag over every woman's shoulder. Even then, it's unlikely that Fossil's managers will take time out.

## Questions

1. In terms of human capital, how might alliances with established foreign companies benefit Fossil overseas?
2. Do you think that Fossil's continued strong presence in Hong Kong is wise? Why or why not?
3. Visit the Fossil Web site at <http://www.fossil.com> to learn what you can about Fossil's global markets. What would Fossil's managers have to know about the culture, in say, Finland or Taiwan, to market products such as sunglasses, handbags, and watches in those countries?

Source: Fossil Web site, <http://www.fossil.com>, accessed May 10, 2000; "Diesel and Fossil Sign Worldwide License Agreement for Diesel Watches," press release, October 28, 1999, <http://www.fossil.com>; "Fossil Acquires Its Distributor in the U.K.," press release, September 21, 1999, <http://www.fossil.com>; and "Fossil and Seiko Complete Formation of Joint Venture Company, Announce License Agreements," press release, August 24, 1999, <http://www.fossil.com>.