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Two stoked minds, one successful enterprise Watch company ventures beyond boardsport industry

By BRIE IATAROLA, The Daily Transcript
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For the masterminds behind watch retailer **Nixon**, time is -- literally -- money. But nine years ago when Chief Executive/President Andy Laats and Marketing Director Chad DiNenna began formulating their business plan, profit wasn't necessarily the primary objective.

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Providing a stylish, affordable watch that could endure the wrath of a solid surf or snowboarding session was.



Chief Executive/President Andy Laats and Marketing Director Chad DiNenna

"It wasn't that easy to find a good, nice-looking watch," DiNenna said during a recent phone interview. His frustration with the market's limited selection and his passion for boardsports sparked the idea to create the Encinitas-based company. "When I'm 22, I'm not going to go buy a Rolex. At the same time, I wanted something more. There was a huge gap, obviously."

That huge gap afforded Laats, 38, and DiNenna, 34, an opportunity to join forces and explore an untapped customer base of teenagers and 20-somethings with disposable income.

"I was in grad school when Chad brought me the idea," said Laats, who earned his degree in mechanical engineering from Cornell University before attending Stanford University to obtain his MBA. "Originally, I thought it was a small idea. But the more I thought about it, the more I recognized it was extremely important."

The birth of Nixon

After several brainstorming meetings during a snowboarding trip, the duo -- whose paths first crossed while Laats was working for **Burton** snowboards and DiNenna was an advertising rep for Oceanside-based **TransWorld Media** -- and a handful of their friends christened the little idea Nixon.

"We were kicking around names, and when it came to Nixon, everyone stopped," said DiNenna, who graduated with a degree in communications from Cal State University - Long Beach. "No one said a word, and for me that was it. When that happened, I knew that we should call (the company) Nixon. It always stuck on the lip."

Although Laats and DiNenna had a general notion about how they wanted to develop Nixon, they resisted making it a skate- or surf-specific company.

With an official name established, the two convinced investors to contribute nearly \$1 million to their fledgling enterprise, and then sought professional skateboarders, snowboarders, surfers and a few other action-sport athletes whom they had met while working in the industry to serve as their poster children.

"I'd say that we knew about 70 percent of the people before we even started the company," DiNenna said.

With ample capital and professional connections, Laats and DiNenna introduced Nixon to consumers in 1997. Less than three years passed before the company attracted the attention of San Diego local Tony Hawk, often regarded as the living legend of the skateboarding industry.

Even though Hawk was reaping a six-figure salary from Swiss watchmaker **Swatch** (PNK: SWGAF) at the time, he approached Nixon and expressed interest in endorsing it, according to DiNenna. But the company's key executives and fellow team riders, who cast votes before they decide to bring aboard new athletes, weren't interested.

"They were afraid that because we were so new, people would've thought we were a rich company that could afford to pay guys like Hawk," DiNenna said, "and that we 'buy' people, which is not what we're about."

Unfazed by the rejection, the skater still sported a Nixon T-shirt at the X Games and trade shows, giving the company major -- and free -- publicity. (Eventually Hawk was voted on as a team rider.)

Global undertakings

As Nixon's popularity surged, so did demand for its watches. By 2000, the company was ready to take business overseas, and Hossegor, France, emerged as the ideal destination where Laats and DiNenna could establish a wholly owned subsidiary.

"Southwestern France is a lot like southwestern coastal America," Laats said, adding that the subsidiary is staffed by 15 people who speak English, French, Spanish or German. "The surf is great. The weather is awesome -- all of that felt comfortable. And to have a legitimate European presence, you need to have a legitimate European office."

The company also looked beyond France and began expanding marketing efforts to specialty retailers in other countries, including Australia, New Zealand, Japan, the United Kingdom and Canada, to name a few. With watches selling for \$75 to \$550 in 30 nations, sales skyrocketed, and the company continues to experience double-digit growth each year.

Part of this growth rides on the fact that Nixon broadened its product line, which now includes a plethora of other items: clothes, accessories, collections and bags. Once these items became available, more people took notice, including judges for the Ernst & Young Entrepreneur of the Year competition. In June, they honored Laats and DiNenna with the consumer products award.

Looking ahead

"That brought a lot of attention to our industry," DiNenna said. "But it's definitely nothing I look at and say, 'I've been waiting for this.' ... I don't want to downplay anything, but (winning awards) is not the goal of what we're trying to do."

And it may be this kind of mentality -- one that some construe as anti-establishment -- that consumers, regardless of age, find so appealing. That's how Costa Mesa-based company **Volcom** hit the jackpot; last month the clothing and equipment manufacturer, which prides itself on espousing an unorthodox outlook toward business, debuted on the Nasdaq under the ticker symbol VLCM.

Although Laats did mention he was "not a subscriber to the idea that big is the enemy of cool," he and DiNenna both agreed that they aren't ready to worry about initial public offerings and analysts' expectations right now.

"Going public really changes the dynamic of your company," DiNenna said. "I think from my perspective, it's not really in our nature to go that way."

No matter what direction Nixon takes, the duo can rest assured that all types of people, including the rich and famous, will continue to buy the company's products.

"When I saw a picture of (Chicago Cubs shortstop) Nomar Garciaparra wearing a Nixon T-shirt on the cover of *The Boston Globe* for spring training, that was kinda cool," Laats said. "I don't think Nomar surfs ... but it was a good indication that other people outside of our neighborhood believe in what we represent."

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