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Hartwig Balke and George Thomas
Co-founders, Towson Watch Company

**STRATEGIC
precision**
The rewarding challenge of climbing to the top of a niche

A photograph of two men in a workshop. The man on the left, wearing a light blue sweater and glasses, is pointing at a watch movement held by the man on the right. The man on the right, wearing a dark shirt and glasses, is holding the watch movement with both hands. They are both looking intently at the watch. The workshop is dimly lit, with a bright lamp hanging above them. In the foreground, there is a blurred view of a watch movement on a workbench.

TWC's ability to prototype and create unique designs sets them apart from most other American watchmakers. Thomas asserts that many American brands can't properly be referred to as watchmakers.

profile: **TOWSON WATCH COMPANY**

By: Jan Tegler

Photos by: Bryan Burris

local time

TOWSON WATCH COMPANY CRAFTS A PLACE IN THE FINE WATCH WORLD

These days, you don't need a watch at all. There are clocks in your car, on your computer, in your phone. But I think a good mechanical wristwatch is the only kind of jewelry a man can wear without being tacky.

— Hartwig Balke

German-born Hartwig Balke is one of the two passionate owners of Towson Watch Company (TWC). He and his partner, Czech-born George Thomas, are carving out place in the high quality, high-fashion, high priced world of fine watches. It's a specialized business many people do not understand and some even question. Mr. Balke's words above are in answer to a point raised by our editor (who does wear a watch). It's a fair question but it could be said that if you have to ask it, you just don't get it. On the other hand, more and more people around the world are coming to understand the appeal of fine watches every year.

To help you understand what rarified air TWC is playing in and why their growing position in the niche business of watch-making is so impressive, it's necessary to put them in context. We need to take a brief look at the world of watches — take in a little history, learn what makes a fine timepiece and drop our jaws at the size of this familiar yet unfamiliar industry. Perhaps then you'll see why this locally-based firm is so unique. But first, let's go to Switzerland.



horological heritage

HALLMARKS AND CURRENT HAPPENINGS

Horology is the science of time, timekeepers (clocks and watches) and timekeeping. For five centuries, pocket watches dominated as the portable personal timekeeper of choice. Crafted with an evolving variety of mechanical movements and complications, they became more ubiquitous, accurate and affordable as time and technology progressed. English, Swiss and French watch makers led the industry for most of its history until American watch making came into its own in the late 19th century with the advent of railroad standard pocket watches.

The wristwatch, or "wristlet" as it was originally known, did not come into common usage until after the First World War. The first wristwatches were actually pocket watches adapted for wear on the wrists of soldiers in the middle of the 19th century. Finding pocket watches clumsy in combat, soldiers fashioned primitive cupped leather straps to affix the timepieces to their wrists. It is thought that manufacturer Girard-Perregaux equipped the German Imperial Navy with similar pieces as early as 1880. Over the next decades, advances in mechanical movements (the motor of a mechanical watch) and cases (the container, generally metal, which houses the movement) allowed for smaller, more accurate and more durable wristwatches to be made.

But wristlets were viewed as feminine items no self-respecting man would wear. World War I changed all that when hundreds of thousands of Allied soldiers and airmen were issued the devices to aid them in achieving the tactical precision demanded by artillery fire, aerial bombing and new forms of battlefield maneuver. Returning soldiers hung onto their wristwatches and popularized them. It was at this time that the Swiss watch and clock industry, extant since the 16th century, began a precipitous rise.

Today, most of us think of Switzerland when we think in horological terms, specifically when we think of wristwatches. From second half of the 20th century, "Swiss Made" watches set the standard for quality, accuracy and fashion. Certified by Swiss horological institutions and available in a variety of forms (automatic movements, chronographs, day-date, etc), Swiss watches found favor with the public both in Europe and overseas. American watchmakers made the switch to production of wristwatches as well and companies such as Hamilton, Elgin, Gruen and Timex (now foreign-owned) flourished in the early 20th century. But during World War II many of these companies were converted to wartime production, sinking capital into the manufacture of items such as bomb fuses, specialized navigation timers and ship chronographs. At war's end they did not have the resources to switch back to commercial wristwatch production in meaningful quantities. The Swiss watch making industry, untouched by war, filled the void and soon most of America's watch makers (with the exception of Timex and Bulova) went out of business.

But even the Swiss watch industry faced extinction in the 1970's. Ironically, it was a crisis of their own making. In 1967, the Centre Electronique Horloger in Neuchatel, Switzerland developed the world's first quartz wristwatch, relying on a quartz crystal to provide a stable time base for a mostly electronic movement (with few or no moving parts). During the 1970s, Japanese watch makers perfected the quartz watch, mass producing analog and digital quartz timepieces which were inexpensive and an order of magnitude more accurate than mechanical watches. Quickly, these cheap, accurate watches proliferated, all but supplanting mechanical watches. The period was known as the "quartz revolution" by industry analysts but referred to by mechanical watchmakers as the "quartz crisis."

Many producers succumbed but the Swiss adapted and survived until the 1980s when the mechanical wristwatch began to experience a renaissance. A small number of consumers began once again to appreciate the art, craftsmanship and high style of mechanical wristwatches, turning away from mass pro-

duced quartz timekeepers. The segment has steadily grown since then and today the "fine watch" business is a burgeoning industry.

The Fédération de l'industrie horlogère suisse FH (Federation of the Swiss Watch Industry) estimates worldwide production of watches of all types at close to 1.2 billion for 2005. The value of Swiss exports alone amounted to almost \$10 billion and the rise in value of mechanical timepieces (up 16.7 percent) as a share of exports more than tripled that of electronic timepieces (up 5.1 percent). Altogether, mechanical timepieces accounted for 62 percent of the total value of Swiss wristwatch exports. Consider that watches, both mechanical and electronic, are made in Europe, North America and Asia (the largest producer) as well and you get some idea of just how large the industry is.

Paradoxically, the United States is the world's third largest market for wristwatches but the American watch industry is small, comprised of less than 60 American or American-owned watchmakers. Most of these makers sell mass marketed, mass produced quartz wristwatches. Some offer watches with both quartz and mechanical movements. Only a handful of American companies offer mechanical watches, catering to a clientele that appreciates the craftsmanship, style and tradition of fine watch making. TWC is one of these.

George Thomas and Hartwig Balke distinguish themselves and their brand from others because TWC actually designs and builds prototypes of its timepieces. As Gary George Girdvainis, editor-in-chief of the leading watch publication *International Watch* notes, very few watch makers do this.

"No one in the USA makes a mechanical movement. They source it out whether they have it designed or augment it on their own. That's the same thing that 90 percent of the makers in Switzerland or Germany or France do. There's "X" amount of suppliers out there and everyone uses them."

What Girdvainis means is that there are a small number of firms which make mechanical movements and supply them to a host of fine watch companies – companies you may know such as TAG Heuer, Breitling, Tissot, Oris and many more. Only watchmakers who design and construct their movements in-house earn the title, "manufacture." Manufactures (such as Rolex, Patek Philippe, Audemars Piguet, Chopard, Girard-Perregaux, Omega, etc) occupy the stratosphere of watch making but even they can be thought of more as "integrators" and likened to automotive manufacturers Girdvainis explains.

"Does Chrysler make tires? No. Do most of these watch companies, even the ones that claim to create their own patented designed movements, actually make a complete movement? They might say these are our bridges, these are our gears. But do they make jewels? Do they make balance springs? Do they make sapphire crystals? No."

It's a point worth noting and one which essentially puts TWC in even more exclusive company. While TWC does not manufacture its own movements, it does augment them and it designs and prototypes most other aspects of its products. The bottom line is that TWC is a great rarity – an American fine watchmaker. They are carving out a successful niche in a very exclusive business that makes their presence in the Baltimore area all the more noteworthy. But let's return home from Switzerland and travel back a few years to see how it all started.



TRIPLE CROWN

sailing into partnership

In the late 1990s two men who it could be said are products of the “American dream” had a chance meeting in Annapolis. Hartwig Balke emigrated to America to pursue a mechanical engineering career, going on to become president and general manager for the American operations of German heavy equipment manufacturer, J.D. Neuhaus, based in Hunt Valley. George Thomas fled communist Czechoslovakia in 1951, making his way to Panama where he studied watch making with a Spanish master watchmaker for several years. An opportunity in the United States led to a change of course for the Czech émigré and he spent many years as an executive in the American chemical industry.

The two met in a pub, brought together by a mutual interest in sailing and a common language (German). As they spoke, they also discovered a shared interest in fine watches. Both men collected timepieces, Balke focusing on wristwatches while Thomas had amassed an impressive collection of antique “minute repeater” pocket watches. Thomas was on the cusp of retirement. Balke’s career was winding down as well.

“We had all of these common interests,” Thomas remembers. “Hartwig is a sailor and I have a sailboat myself and I sailed in the old country a lot. He’s as crazy as I am. One day he said, ‘Why don’t we start a company?’ I was retired and he knew he would be retiring before long, so why not? We did it.”

Towson Watch Company actually began with a request in 1998. A German scientist/mission specialist who was part of STS-99, a space shuttle mission to be flown on “Endeavor” in September 1999, requested that Balke and Thomas create a special watch for him to wear while in space. The pair produced two unique steel chronographs with casebacks (the back of the watch) engraved with the astronaut crew’s names and the mission designator, “SRTM-99.” The flight was actually delayed until February, 2000, giving TWC’s chronographs the added distinction of being aboard on the first space shuttle mission of the new millennium. One of timepieces was worn by the German astronaut. The second was donated by TWC to the National Watch and Clock Museum in Columbia, Pennsylvania.



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Production of these special timepieces earned TWC unique publicity. Soon, those in the watch arena (collectors, enthusiasts and even other makers) began to take notice of the Towson-based company. Requests for special wristwatches started coming in and the firm took off in 2000.

It was a good time to start TWC. Interest in fine watches had been on the rise for 15 years.

“Hartwig and I knew exactly what was going on in the industry,” says Thomas. “Yes, it’s a very difficult and expensive industry to break into but the business has come a long way in recent years. People have a passion for this now and we, Hartwig and I, are passionate as well. Our previous careers were coming to a close. It was the right time for a new adventure.”

tradition & timeliness

An essential component of the widespread interest in fine watches is the appreciation of tradition, the link with historical past – to a time when European craftsman pushed the technical envelope, advancing the science of timekeeping and creating art at the same time. Tradition is emphasized not only by enthusiasts but by fine watchmakers themselves. Nearly every company that produces fine timepieces is quick to make a connection to the past, pointing to their blue-blood historical lineage of watchmaking or in a few cases, creating a fictional one. It shows both a respect for the art of timekeeping and the power of marketing.

While TWC is a new company with no long history of producing watches, it can legitimately claim a knowledge and experience of historic and contemporary watchmaking. This is thanks to the combined expertise of George Thomas and Hartwig Balke.

“I started life as a watch maker in 1948, 58 years ago,” Thomas explains. “Hartwig started out as an engineer. We work together well because he essentially does the design and engineering work that I can’t do. But I’ve had a lot of experience doing restoration of antique watches for museums. These are 200 to 300 year-old timepieces. We have both ends of the technical spectrum covered, from current engineering to an understanding of watch-making 500 years ago.”

Thomas’ restoration experience has led to the involvement of TWC in a number of projects. An ongoing effort has been the restoration of one of the oldest-known watches in existence, a German timepiece made in 1530 for an associate of religious reformer Martin Luther. Thomas has also worked on the world’s smallest pocket watch, an 1865 timekeeper one-third-of-an-inch in diameter once owned by Czar Alexander of Russia. A three-year project for the Smithsonian Institution has included a scratch-built replica of an early 19th century “subscription watch” originally crafted by famed watchmaker Louis Abraham Breguet.

The museum-quality restorations carried out by TWC and its principals confer additional legitimacy to their production of modern watches. The company’s founders are very specific about what they do and as Balke explains, they oversee just about every facet of production.

“We make our prototype here and we have a very special casemaker. We ask if they can make the case we want, then we order them. We also design the dials and the watch face so that everything comes together. We experiment with different types of hands so that the whole watch appeals to our tastes. Then we make a final determination about what we want to go with for a specific style. We go to the dial-maker and say, ‘We want a dial like this.’ We go to the case-maker and say we, ‘We want a case like this.’ We look to the quality of everything, even the movement.”

"When we say we buy an ETA movement, sure we do, but they are upgraded to our standards," Thomas adds. "If we decide to make a watch with an up and down indicator or some other feature we have the capability to add that feature. We make the feature ourselves on a prototype and then have the special parts and pieces made by others. We have the capability to design and make movement features that are not standard."

Such capabilities have garnered recognition for TWC that few other newcomers to the watch industry receive. Word about TWC is traveling quickly, in the press, among enthusiasts and all-important retailers says Thomas.

"When we started, the market found us. We don't do that many watches. We do approximately 60 a year. But when people know about us, they want one of our watches and it is rapidly developing into a different picture now. We recently got together with a company which is very clever in marketing. They have a department which markets very high priced jewelry, things in the \$30,000 to \$40,000 range. They approached us because they want a very high quality line of watches. They don't want Rolex for instance. They want something different which gives them a unique market. They gave us an order for our Classic, a skeletonized, hand-engraved version, an \$8000 retail watch. They also have a one-of-a-kind watch of ours which will retail for \$15,000. Nelson & Coleman Jewelers has fabulous merchandise and there is no deal-making for them. You pay what is advertised. They are taking our watches because then they don't have to fight other retailers who sell other brands at discounts. So the market is slowly finding us."

Other retailers in the Northeast (Fahrney's Pens in Washington DC) already carry the company's products and more are courting TWC. Thomas and Balke are exploring options even further afield geographically but they emphasize that the company's expansion will be carefully controlled.

red, white & blue

**EXCLUSIVITY AND MEASURED
EXPANSION**

TWC's unique, crested logo combines patriotism, the company initials and even its creator's surnames. It's an indicator of creativity, exclusivity



**TRIPLE
CROWN**

and something more according to Thomas.

"The red, white and blue colors represent America. Then you see the 'T' on top and the 'W' and the 'C' woven in. 'T' for Thomas is there and the 'B' for Balke is woven in. We build mysteries into our watches."

Balke and Thomas have a purist vision for their watches, a concept of style that is above all, elegant and simple. The company takes note of contemporary trends in case size, decoration and innovation but plans to stick to classic design. Currently, the TWC product line includes five models – the "Mission" (based on the special timepieces created for STS-99), the "Cockpit," the "Pilot," the "Classic" and a new model themed on the five rivers which empty into the Chesapeake Bay that have names beginning with a "P" (Patuxent, Patapsco, Potomac, etc) which may be called, the "Potomac." The various models range in price from \$1,500 to \$15,000.

The company can also create "bespoke" or customized watches, tailored to an individual's wishes. It's a way of demonstrating perfection and exclusivity notes Balke.

"We can customize watches as well. If a customer buys a watch and a year later he wants to treat himself by upgrading we can personalize it with initials or an engine-turned dial. We can even take the movement out, take it apart and engrave it. If someone comes and says, 'Make me a unique watch.' We can do it. We can offer different types of hands, different dials and different kinds of cases to choose from. That person can even actually help us to create his watch."

As mentioned, TWC's ability to prototype and create unique designs sets them apart from most other American watchmakers. Thomas asserts that many American brands can't properly be referred to as watchmakers.

"These merchandisers have nothing to do with watch making. They go to Switzerland or to China and they have a picture or drawing of a watch and ask to have 2000 of them made. They have them delivered and they really don't know what's on the inside of them. They know what they paid for it. They know what they can sell it for and they advertise it. If you ask them about their watches specifically, they can't answer you because they've never even seen the movement. We assemble our watches, we know exactly what goes into them AND we service them."

TWC also knows where most of the watches it has produced currently reside. It's another marker of exclusivity and along with presentation, provides TWC a caché many larger makers don't match.

"We have a registry," says Balke. "When someone buys a watch from us we follow up with a certificate, a number for the watch, a photograph of the watch and a bill of sale."

Customer watches are delivered in polished tropical hardwood boxes, an expensive practice but one which shows the lengths TWC will go to. The photograph and number also delivered with each watch allow them to be identified in the event of theft.

Most importantly, Balke and Thomas feel that they can best serve the niche market they've found by maintaining exclusivity and simplicity.

"We will be very careful how we expand," Balke stresses. "We don't want to make 700 watches per year. First, we want to serve the American market before we go overseas. This is our main market. We produce our watches in the U.S. and we sell them in the U.S.. We want to be at about 200 watches per year but we want to upgrade our quality even higher. Maybe one day we will be selling \$40-\$50,000 pieces."

Once TWC reaches a comfortable level, its owners will steer the ship for as long as practical and hopefully pass on their unique knowledge.

"The watch industry is not large here in the U.S. but if someone would like to be watchmaker, we would train them," says Thomas.

In addition to leaving a legacy TWC wants to convert some of those who question the need for a fine watch. For George Thomas and Hartwig Balke it's a matter of pride and style.

"A good watch is a man's signature. Shoes are also in this category. There is no need for leather shoes now. Everyone runs around in tennis shoes but some people do wear leather shoes and some people do wear Towson watches."

CEO