

Industry Pro

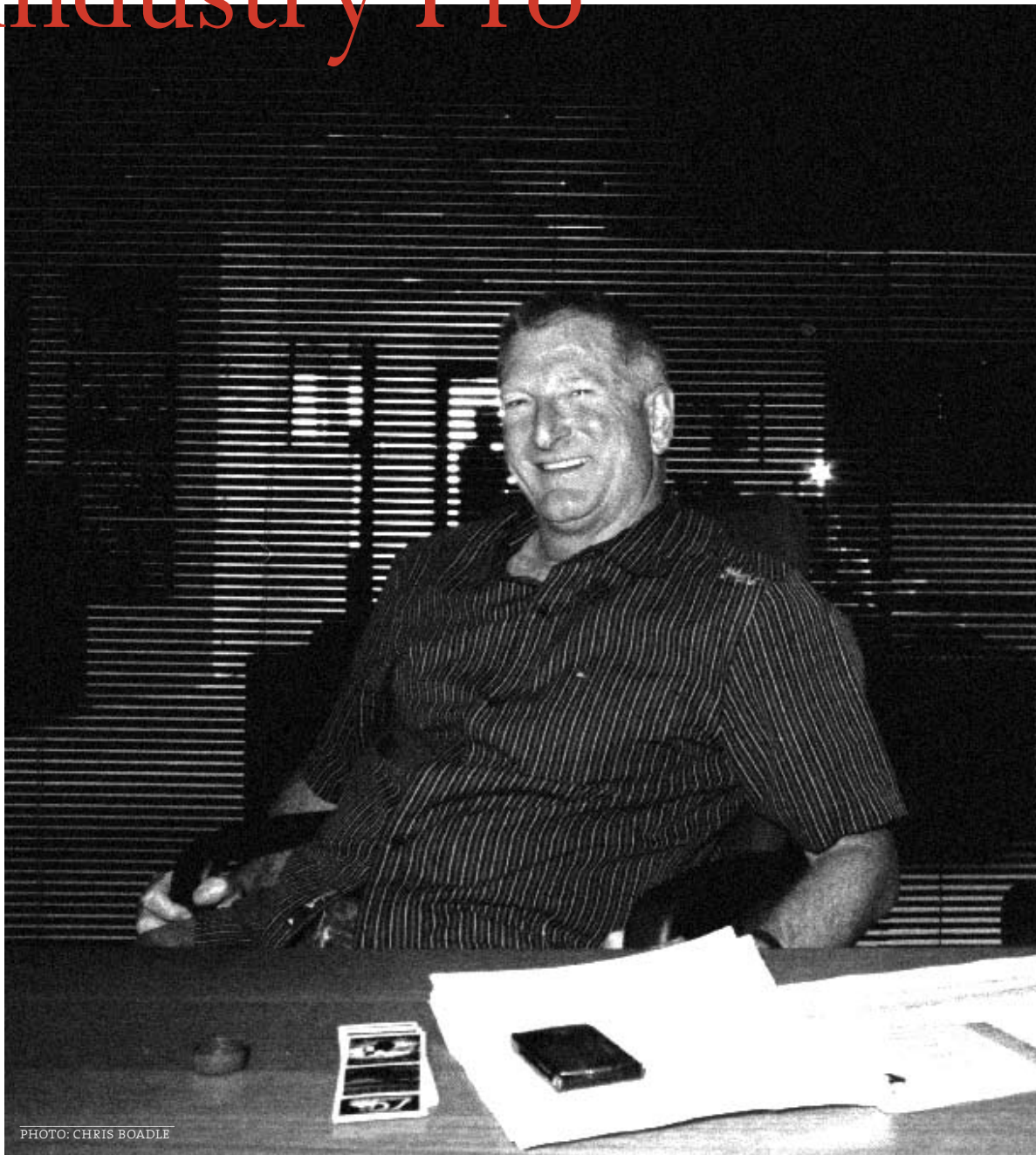


PHOTO: CHRIS BOADLE

Bob McKnight, Quiksilver Inc, CEO.

Bob McKnight is the closest thing our industry has to Bill Gates. Like Gates, he joined the industry at its beginning 30 years ago. And like Gates, has helped grow the industry and his own company to mammoth proportions over three decades. Still, Bob has not lost a bit of the passion and enthusiasm that has made Quiksilver the most successful core surf company and one of the worlds best known surf brands. And to think, all this started from eating a beer coaster in a Torquay pub with Al Green.

Do you still find going to work fun everyday? Do you still get out in the water?

Yeah, I still love to go to work cause I no longer run the company, I'm more of like the tribal elder. But I love the action to; I can't get away from it. I'm still very young at heart. Still surf all the time, just got back from a week in Taurua, that's why I'm here. But yeah, I go into work and I love working on the product, just seeing it. I love the whole marketing thing, I love hanging out with the sales force cause their kinda my ears and eyes. It's good with the accounts, where it's really happening, where the meat meets the pavement and its super fun. I'm involved with the new projects now going on in the company. Like the book had me on as one of the new projects, I'm working on denim real hard at Quiksilver, the shoes and we have an energy drink coming out next year, which I'm working on. Roxy area cosmetics, smart apparel that breathes, more technical fabrics that works with iPods and all these kind of more advanced product categories that are going to be coming out real soon. That's sorta like my little zone, because we certainly have a whole staff of young energetic artists, you know, graphic designers, fabric designers, people that work on the product and... Not that I'm irrelevant anymore but they do it a lot better than I do.

I've just got to make sure that we're not out doing disco dress when we should be out doing board shorts. Kinda keep the train moving in the right direction.

Well, on that. Quiksilver took on acquisitions like DC and did really well out of it, whereas other brands went down the path of putting their brand on everything and their sales suffered as a result. Do you think that a surf brand has limitations on what it can brand?

Yeah, we're very careful about that. Our example of that in America is we were growing as Quiksilver, forget all the rest of the brands. Quiksilver was growing and we started to feel that, even from ourselves, that maybe we were getting a little too big and there was some products on the fringes that wasn't quite right but we had to have it cause the reps wanted it. And we were in a little few more accounts than we really should be, ones that doesn't really feel right that we're in those accounts and so you start making decisions like that, that aren't right. So we watched Tommy Hilfiger, that was our example of guys that did it wrong. 'Tommy' everywhere on everything, you know and it just made us sick. 'Tommy' with the Harley Davidson crew, 'Tommy' with the rock bands, 'Tommy' with the prep guys out on Long Island, 'Tommy' with the basketball players. What the hell is Tommy anyway? Everything to everybody, you know? We can't do that. We sort of pulled in... As a matter of fact in the early 90's and we decided 'let's do more of a multi brand strategy.' So we started Roxy, we started a boys division so we could go younger and do a whole range down there cause that didn't seem to affect the main guys. We started retail so we could take our own product and put it into our own retail store. We bought Quiksilver Europe so we could take our same deal and grow over there and then from there later on you see that we acquired some other companies. We acquired DC, we acquired Rosignol. So we're definitely more of 'keep Quiksilver really pure,' don't push it, it can't grow too big otherwise it doesn't feel right. But we have these other engines that we can grow and take those engines and grow them globally where we aren't too big yet. So that's our strategy.

You mentioned Tommy Hilfiger there. Do you see you main competitors as being brands like Billabong or is it the outside brands like Abercrombie that want a part of our industry?

Well, in the hardcore surf landscape it is definitely Billabong, Volcom, Hurley, O'Neil, Rip Curl, all those guys. We're by far and away the biggest, we control most of the real estate in most surf shops around the world so that's just always been the landscape. And when there wasn't those guys there was always somebody. Instinct. Gotcha, Sun Breaker, Maui and Sons, I mean I could go on and on. But I've always had that in our landscape of hardcore competition but surf shops are doing as much of this as we're really going to do. So we're looking beyond that into the specialty market, the more fashion market and that's definitely where we are competing with Nike on the one hand, Diesel and then all the private label guys you mentioned, Hollister – big competitor of our now in America.

Really?

Absolutely. All your big box stores like your Target here, we have a whole bunch of those and they make private labels or they buy some defunct brand like Sun Breaker. They'll do a line and their price will be down. And they're competing. So it's all those guys now, American Eagle, Hollister, Abercrombie, The Gap. Those are all competitors of ours too. They all make clothes like we're wearing. It's all seamless now, it's all the same. Even the rap urban guys are now making preppy surfer looking stuff. It's no longer gangster wear, its surf wear. So it's all sort of the same, so it makes the competition tougher. Then in Europe it's a whole different group. It's Oxbow,

Replay, Diesel and people like that over there.

With that kind of 'extreme' marketing that everyone is using, do you think that hurts or helps us? It's now used to sell everything from cars to toothpaste.

I think it gets homogenized for sure. But having said all that, its out there in all the commercials, in the music, everybody is locking onto our deal but still there's that hardcore 16 year old kid who still goes down the water, puts on his wetsuit, goes surfing, goes for a skate on the ramp, I think he's unaffected by it all. He might get grossed out by it but he's still going to do it. And he might go for some of the small, cool, underground companies and more abstract things. But that's what garnishes the whole world and how it works and it's always been like that. Certainly the whole board-ride thing is more commercial these days but I think its good cause it grows the market, grows the pond, makes all of us bigger, therefore we can employ more people, which is good. We can take care of more families, which is good. We can take on more riders, we can take care of the core accounts better, by doing better TEXTURISATION and window displays. We can take care of the team and the events. So you've got to remember that sometimes the commercial thing makes us bigger but also gives us more ammo to take care of where it all really happens. And as long as you know that that is what's important, then it all works.

You started Quiksilver entertainment to get our lifestyle to a larger audience, to bring more people in and get more people involved. Do you think the current industry media lacks an ability to gain popular appeal?

I just don't think they have the money, or the contacts or the guts or whatever the word is, to go after...I'm talking about the surf magazines, ASP and their little thing with the websites, it's sort of rinky-dink but that's ok cause it's a core audience who they are serving. So our whole deal is the commercial guys all make it look kooky. So someone's got to be in the middle, to sort of be the gatekeeper that... And we're a one stop shop cause we have Quiksilver and Roxy, so we offer a girls/guys thing... That they can come to us, they know we have tonnes of media, tonnes of people that can ground them and keep it cool, the right language, the right music, the right humour and the right stuff, so they don't end up being kooky. Cause they really don't want to, although they are by their very nature. For instance we're having our Eddie Aikau ceremonies next week, Thursday at Waimea Bay, and so we're going to have Pearl Jam play. And we've got all these guys (media), they want to do this and do this with Pearl Jam. We said "NO! Fuck you guys." It's going to be our Eddie Aikau ceremony which is very spiritual, very special, with all the leys and Eddie Vedder can paddle out and be part of it, and hold hands and make his way in and then going to play to a real small three hundred person audience at Waimea Falls. It's all going to be very spiritual, we'll introduce them to the surfers. And the media is all standing there going "NO, NO. We don't want..." and we're saying, "That's too bad cause that's what we're going to do." If you want to come and film it, that's fine, if you don't, then don't. Of course they are and...

...it'll be the greatest show on the planet because we made it what it is and that's really what they want... They just don't know it.

But music, conduct, you know right now we're doing a thing with The Fantastic Four movie that's coming back out and they're interested in the Silver Surfer. So the came to us to make sure that it was grounded in the right way so it didn't end up being kooky. The Silver Surfer has kinda got this dark side to him, a golum type character that is not really real. So we're helping them make sure it's not stupid. So there's entertainment early works on film, television, book, and music.

Are you involved in that on a personal level?

It ultimately controls some of our destiny so I gotta watch out for it. It's like an asset of the company. So if we have our brand on some kooky thing in some Hollywood movie, it can be very detrimental. It can wipe out 10 years of building the brand up. So I can't let that happen so we have a strong secure team, Bruce Raymond is part of that push. Kelly Slater's manager is our main guy, Terry Hardy, and they're connected with a company in LA called Radar which is Ted Fields, a very grounded entertainment conduit, so we're brining it all down into our world and sending it back up into their world. So it's circulating like that.

Talking about team. Back in Europe when Quiksilver was starting you had Jeff Hackman and Robbie Nash over there. Then Tom Carroll, Kelly Slater who's still there and still winning. Who do you see as the next young face of Quiksilver?

Right now in Europe there are three iconic faces. Kids like Miky Picon and Jeremy Flores. They are definitely the face from a European standpoint. Jeremy will be the youngest kid ever to make the ASP WCT tour, so he could be a face. You have here, you have Julian Wilson, Ry Craike, there's a few others. Certainly we have Dane (Reynolds), he's a favourite but he can't win a heat to save his life. He's a free-surfer you know and he rips and goes crazy and all eyes are on him but he can't get out of a heat to save his life. So as far as contest surfing, who knows? If he develops... but if he doesn't I don't really care because he's just this unbelievable flying, rodeo-flip character. And then we have Clay Marzo from Maui who is an insane surfers. We have a young kid, I forget his name, its some Hawaiian name, he's like this tall, he rides this teeny little surfboard and he just absolutely rips. He's 12! You know, so maybe he's a face? And we have a kid like that from Tahiti, same deal. Beautiful little Tahitian kid, 12 or 13

maybe, same deal. Just rips so they start very young and you never know who's going to pop up and be the next Kelly Slater. And I would bank on kinda the group so I don't want to make a call on who the next guy is but for sure we're going to have a great stable, that everybody is talking about.

We were talking about the Quiksilver Snow Team. The likes of like Mathieu Crepel, you know, that kid is just strength to strength.

If you get a hold of our book, open up to the back page and look under snow. It's incredible. You know and America, Europe elsewhere is unbelievable. We have a skate team as well which is unbelievable.

That was another thing with Skate. Brining Natas on board revolutionised the face of Quiksilver with his artwork. And the direction of it. Is that something you were excited about?

Oh yeah. Natas is one of my best friends, we were just in Fiji for a week surfing, dropping in on each other. Certainly we prescribe to young, current happening people who can bring something to the company. Whether its design and product, graphic art, photography, writing, merchandising, colour selection or whatever. And if you just walk around the building you can see that we've had that for years and years. Natas is the current vision of that but he certainly got two or three others he's grooming underneath him because you always want to be on the leading edge of that stuff. It's amazing how skating has influenced surfing and has lead the board-riding charge. Natas is so relevant when it comes to that. He had this surfboard down there that he just drew all over it the night before we left and it was the most amazing work of art I've ever seen. You know, it was just him, tinkering on it before he stuck it in the board bag to come to Fiji with us. He's amazing. Guys like that, where do they get it from?

Now that you're a larger company, is it easier to invest and trust the athletes?

Yeah, that part hasn't changed a bit.

We've always been athlete driven and we've always subscribed to having the best guy... And not necessarily the best performing but the best guy in terms of performance, attitude, character, looks, you know if they can hold their own with a group of people and speak to them, and talk to the kids.

That's what we look for. And then fortunately we end up with Kelly Slater. I just think it is as important today as it has ever been because kids relate to their stars in life. Rock star, actor, sports star, whatever so that's just really, really a must.

And on the business side of things, taking the ideas and the drive of athletes and then turning them into a strategy...

That's really fun actually.

Do you see that as a role of yourself?

I think this happens more and more because these athletes get hung up and try to be little designers themselves. So, Dane Reynolds brings us some idea for a board-short, Kelly comes in with some bag deal, that's really fun. I spend a lot of time with those guys. We're doing a whole range with Kelly coming up, he's come up with this whole logo and brand within our brand to do his hardcore surf accessories. It's going to be killer. Komunity it's called.

Because of the size of the US and European markets, and the rate at which the other Asian markets are developing. How relevant is Australia now? Even though it's where Quiksilver started and its roots are here, is there a point at which you can say it's not worth basing yourself here anymore?

I think it's great to have a wilderness, country profile, near a great beach and our tradition. I think it's fantastic. Now obviously we have offices in Sydney. We have offices in Singapore to Japan to China to all that. But I think it has to be led from somewhere and why not here (Torquay). We've got a great team with Clive and Pinhead (Greg)...[Laughs]

Sounds like a nickname he wouldn't want to have...

Everybody knows him by Pinhead. But we like that part, you know, I love coming down here. Go down the coast on surf trips.

So you've worked for Quiksilver since forever, is this your only job?

Since I started 30 years ago, yeah. My one and only job.

Cause we started the magazine 24 months ago and it's interesting to see that it can turn into something you totally didn't see.

Oh yeah. That was something fun about the book. We share those stories and there's actually some lessons learned about business acumen and all that. So for young kids and the parents who give it to their kids, there's a quality to that where you really can make a career out of a passion. Out of doing what you love to do. We're an example of that, so is Volcom, so is Billabong, so is the guy from Starbucks [Howard Shultz], whatever. You really can do that because there is enough consumerism now, whether its in Australia, in Europe, in America, where you can have something that's you're really proud of and its a great product and you stick to your guns and you can finance, it which is really probably the most difficult part, unless you have family money or a

bank that you can borrow money from or whatever. But if you can get through the hurdles and the problems, call it the moguls of business, you really can follow it through and make a career and have a great lifestyle from something that is a passion.

I've read a few of your interviews where you've talked about culture, culture of the company, is culture the biggest factor in creating the success at Quiksilver?

Absolutely. Product first, but product comes from the culture of the people you have there in the building. But product, product, product. Innovative, fun, all of the above. Marketing is probably next. What we really are best at is romancing a brand. We're not good builders, we send that away, we farm it out; we don't want sewing machines and sewers. We want to watch over the quality but we're not a logistical company, we're a product designer and then a romancer, so that's the marketing piece. The third piece is definitely the people.

Taking care of your people, quality of people, the culture of people, making sure they're happy and can go surfing, we look out for their problems, their families, all that kind of stuff.

Fourth I'd say is conservative safe business management so you don't end up out on a limb or collapse into bankruptcy because of bad management. So that's really, really important. And my fifth one is always this balance between the work, family and play. You have piles of work; you could work all day and night 24-7 and never get it done. So you gotta kinda push it away and go and do something that's fun, be with your girlfriends or your family or whatever. Do whatever it is that you do. Really, really important for that balance I think.

It's funny cause I come down here a bit to meet with JJ [Jonathan Jenkins] and JK [James Kennedy]. Those guys always invite me for a surf; they're always really good to deal with...

It's fun cause I can drive to work at Quiksilver, wherever it is. Here [Torquay], Huntington Beach, Biarritz, and before I've even said hello I know if the surf's going to be good. I see all the boards on the top, the wetsuits dripping hanging from their rear-view mirrors and maybe some sandals at the door. I mean it's just like "Oh, OK. The surfs good." And I go there and nothings out, I go "Oh, the surf must be shit." I can just tell by the feel of the building... It's classic.

I'm glad you said that about work/life balance. It makes me feel better about taking three months to go snowboarding starting next week. [Laughs]

Gotta keep it balanced. [Laughs]

So how are you going with all the interviews? You jump from a national paper to a mag like ours...

One of the things I think is part of our success is that all our top guys relate to people, whether it's warehouse people, shippers, reps, merchandisers, salespeople or Wall Street guys, you know. We're all the same. So we speak at the same level to everybody we meet. So all the news outlets are the same whether its the Times, or POP, you guys are all doing your best and trying hard and trying to make something happen. So I think that's good.

Trying to make a life in what we love.

Yeah, exactly.