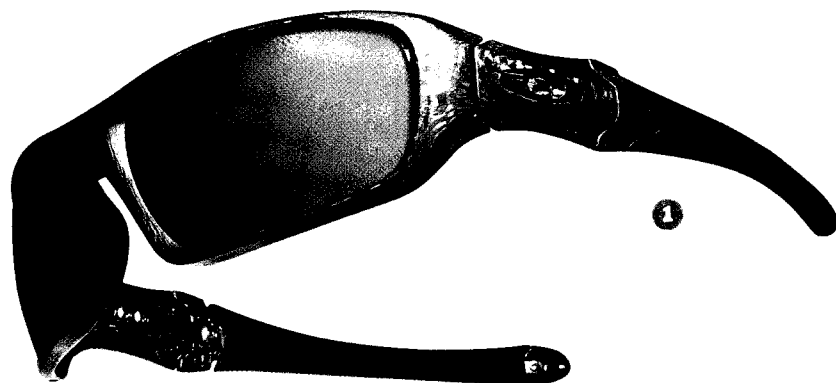


GLOBAL BUSINESS

DESIGN

Oakley's Pursuit of Cool.

Going a little overboard on products is part of what creates the company's edge

BY TOM MCNICHOL/FOOTHILL RANCH

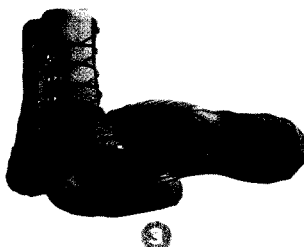
IT'S NOT FAIR TO SAY THAT THE INMATES are running the asylum at Oakley, the hypercool eyewear company—they're designing and engineering the joint as well. Employing new materials and daring designs for its products is the lifeblood of Oakley, but it's never been more important than now, with consumers needing more convincing than ever that pricey brand names are worth the cost.

Oakley made its name by turning ordinary sunglasses into a \$150 branded-eyewear experience. And those are the cheap models. The company recently introduced the C Six, a limited-edition pair made from 75 layers of carbon fiber. Price: \$4,000.

The company doesn't expect a run on \$4,000 shades. Only 250 pairs of the carbon-fiber sunglasses have been made, and many of them have already been snapped up by well-to-do customers. But Oakley makes items like the C Six to push the technology and discover new ways to design and manufacture products. "Our job is to constantly search for what's cool and then come up with something that's cooler than that," says Peter Yee, senior design director.

"Pursuit of cool" is not part of the company's mission statement, but it's a heck of a recruiting slogan. "Most of my engineering friends went into horribly stifling jobs where they get to design things like an on-off switch that clicks," says Neil Ferrier, 26, an advanced-product-development engineer. "The freedom here at Oakley is fantastic. Once you're given the basic aims of a project, you're free to run with it."

Constant innovation is at the heart of nearly everything Oakley produces, which


1. ELITE C SIX SUNGLASSES

Oakley ratchets up the snob appeal with its \$4,000 carbon-fiber shades

2. 12 GAUGE WATCH From a line of weapon-named watches, it features a sapphire crystal and a tachymeter scale and costs \$1,195

3. ELITE ASSAULT BOOT Puncture- and fire-resistant and approved by U.S. special forces; \$500 a pair



Keeping it cool Designing colors and artwork for sunglass stems

now includes high-end sunglasses, watches, boots and sports apparel. Ferrier traveled to Italy to investigate how carbon-fiber technology is being used to make race cars both lightweight and durable. The same carbon-fiber material was incorporated into the C Six, with each pair sculpted by 24 hours of continuous computer-controlled machining. Other products in Oakley's Elite collection include an aluminum version of the C Six (\$1,500), the carbon-fiber Timebomb II wristwatch (\$2,750) and the Elite Assault Boot (\$500), made from fire-proof CarbonX fabric interwoven with stainless steel. Oakley expects the engineering advances it has made with the Elite collection to trickle down into its everyday line of sunglasses, boots and apparel. The majority of Oakley's sunglasses are priced in the \$110-to-\$200 range.

Everything about Oakley is meant to impress or provoke; even the company's headquarters in Foothill Ranch, south of Los Angeles, are over the top. The main entrance hall looks like something out of a video game, with a huge vaulted ceiling set off by moody lighting and a row of ejection seats rescued from World War II-era fighter jets. The place is equal parts playground, factory and product-test laboratory. In one test, a quarter-inch steel ball is fired at eyewear at more than 100 m.p.h. (160 km/h); in another, a heavy steel spike is dropped on a lens. Glasses are also folded and unfolded thousands of times by machine and bombarded by heat, cold, salt and ultraviolet light.

Such attention to performance has made Oakley a favorite among high-profile athletes as well as among U.S. military and law-enforcement personnel. Oakleys are also popular with counterfeiters worldwide: Oakley's HQ features display cases filled with fake Oakleys, which some call Jokeleys.

Then again, coming up with designs that counterfeiters want to copy is essential to Oakley's continued profitability. Since 2007, Oakley has been part of Luxottica Group, an Italian eyewear conglomerate that also owns Ray-Ban and the Sunglass Hut chain of retail outlets. Luxottica doesn't break out sales figures for Oakley, but Daniel Hofkin, an analyst with Chicago-based William Blair & Co., estimates that Oakley currently adds about \$1 billion a year in revenue to Luxottica's \$7 billion annual total.

To keep sales of expensive eyewear brisk in this economy, Oakley will have to continue to reinvent its products and itself. That's an exercise many companies are afraid to try. Oakley's engineers can't wait to tear the place apart and build a new one. ■