

AWCI Affiliate Chapter Keynote Address

By Chuck Berthiaume

Chuck Berthiaume, Rolex USA Senior V.P. Technical Operations, was the guest speaker for the AWCI Affiliate Chapter meeting which took place during the 2008 AWCI Convention and Educational Symposium. The speech was followed by a Q&A session.

Let me begin by thanking Jim Lubic, the Board of Directors and all of you, the membership, for this opportunity to share my thoughts with you as a fellow member and industry representative. I'm truly grateful to be here as part of an organization that is currently in the process of re-inventing itself.

Four years ago, I had the opportunity to stand before you to share and promote a vision in which the AWCI could take a leadership role to help secure the future of the watchmaking profession in the U.S. I also shared a commitment of support that Rolex Watch USA was prepared to provide as industry partners.

My intention this morning is to continue to advance this same theme which is clearly still relevant, and hopefully to help clarify, if I can, any questions, doubts or confusion that may be holding some of us back from moving forward at the progressive pace that our intentions and collective efforts deserve.

Four years ago we were at a crossroads. The atmosphere within the organization was divisive in as much as many of its members were at odds and distrustful of the watch industry at large. The industry was beginning to return to the table after being absent for many years. Since then, industry members have begun to clarify their needs, intentions and commitments and there has been a growing collaboration of efforts joining both parties on several projects which has advanced relationships and help build new bridges.

However, there are still a number of you, who I hope are with us here today, who still have reservations and lingering suspicions, and may yet harbor some resentment for what may have occurred in the past. I would like to take this opportunity to address any such issues candidly during a question and answer session following my talk so we can finally clear the air and get on with our work of transforming this organization into what is needed to meet the challenging market demands of the 21st century.

We need to continue this important transition to become a more professional organization, which better serves professional watchmakers and clockmakers. Because the future of our professional identity is at stake!

We've made some real progress in these past four years, and there is so much more that needs to be done. However, a good example of progress is the hard work that was put into rebuilding the new CW21 certification. As you recall, there was a pressing need to update the qualifications and to re-establish professional standards which would ideally be equivalent to what we were testing students for at our watchmaking schools.

The new CW21 now opens up possibilities to those who may lack formal training or who just want to learn more to improve their skills in order to be officially recognized for their level of talent and abilities. Rolex now relies on this certification as a benchmark towards building new relationships with independent watchmakers.

The AWCI Academy has been restored and expanded to include more opportunities for professional advancement with continuous education courses and has increased the available numbers of specialized seminars and bench courses. These sessions are quickly becoming the fundamental pathways to certification for both watchmakers and clockmakers alike.

Much has been accomplished in these areas; however, going forward, there will be an ongoing need to uphold the quality and credibility of these examinations with the help of more volunteers to act as assessors and exam administrators. More work also needs to be done to develop other levels of certifications such as Watch Specialist, Watch Technician as well as a revised Certified Master Watchmaker. There is a valid market for these levels of qualifications.

To achieve this, we'll need more involvement from the industry and from the membership at all levels, since these are the critical elements, which will define the AWCI's value as the qualifier of proficiency for the watch and jewelry industry.

Speaking of the jewelry industry, the AWCI is now on the Jewelry industry radar with its successful presence at the JCK Show for its second year in a row. The organizers at JCK are recognizing the value of including and associating with the AWCI as a professional entity that is re-emerging at a critical time to help address the impending watch service needs of the retail jewelers in America. Our booth at the show has also provided an appropriate venue in which to showcase the state-of-the-art tools and equipment that is now available and required to produce high-quality service results to maintain the luxury timepieces that are being sold today.

There's also been progress in education. The Swatch Group has since opened a new school and Richemont is about to open another later this year. Rolex has formed a new alliance with OSU-Okmulgee and the AWCI that establishes a new type of curriculum, which is designed to meet U.S. market needs.

In the past four years our watchmaking schools have collectively produced over 60 new watchmakers, who have been trained as professionals to service this revitalized industry. We appear to be heading "back to the future," where watchmakers once again hold a position of prominence and esteem within our popular culture.

I have the fortunate opportunity to visit these schools on a regular basis and when I do, I am always impressed and inspired by the level of effort, motivation and enthusiasm for the future that these students represent.

Affiliate Chapter Q&A Session

with Chuck Berthiaume

Terry Kurdzionak (TK): What do you see as the role of the watch companies in promoting watchmaking education at the high school level, encouraging young people in high school who may be looking for another career path besides college? I think we may be missing a whole group of candidates who aren't even aware of this industry.

Chuck Berthiaume (CB): Yes, speaking for Lititz, we have tried that in the past with a limited amount of success. We are finding that a few of our best students have come right out of high school, while on the other hand however, many of our, shall we say, most challenging students, have also come right out of high school as well. We find that at the high school level, it's a rare graduate that's ready for this type of discipline. That doesn't mean that they're not out there, they're just in the minority. We have had some contact with guidance counselors and your point is well taken, because the future of our profession is all about this next generation. Unfortunately, because we lack a strong watchmaking culture today in the U.S., it's not even on their radar as a career option. However, it is a valid source of recruitment, and we will keep trying, however we do need to keep our expectations in check because as I mentioned, at that age it's truly a question of the maturity level that is required.

TK: I also think that parents need to be informed as well, because the parents I know who have high-school-aged children are not even aware of the profession. They're looking at guiding their kids toward a traditional college education with the focus being on a big-name school, etc. If the guidance counselors were aware of this as another option, it may be considered for the right candidate.

CB: That's a very good point.

TK: We have tried to do it as a mentoring system through our chamber of commerce, but without the support of the parents it's tough to help the kids make the decision.

CB: You're right. At that level, the parents are a critical factor with anything to do with their children. We've had some good results with some good strong support. We've also had some unfortunate situations where the candidate begins the program solely because their parents want them to, and that generally fails. So there's a fine line here; however as a start, the parents are the ones who need to know that there is an alternative to today's more common career pathways.

Gene Bertram (GB): We currently have in place, it seems to me as a clock guy, a very specific set of criteria for someone to get the certification, but there appears to be a little more nebulous requirement for getting a spare parts account with some of the major watch manufacturers. While I'm very sympathetic for the need to have some "wiggle room" for the manufacturers; someone could score very high technically but be a twit that you wouldn't want representing your watches as a repair person, but is there any more, or would you consider a move to make known the specific requirements to get a parts account? In other words, the requirements for certification are very specific, is there a move to also publish specific requirements so people would know what they need to have and do to get a parts account and to find out why, when they don't get one, so they can correct it?

CB: Good question. There are already some prerequisites in place that we've been helping to build upon with the AWCI, and a critical one being the requirement to be a member. Rolex has required that anyone who is interested in applying for a spare parts account would need to be an AWCI member and certified, as well

as a few other things. We now have a list of prerequisites that does go out to all inquiries. For the individual who is wondering where they can improve, the AWCI has a wealth of information at hand, it offers various bench courses; there is the website where diagrams and floor plans are available illustrating what the ideal workshop should look like. It's fundamentally about being professional. The watchmaker in question needs to look in the mirror and review their existing situation and identify what he or she can do to improve their surroundings. If they still want more help, they can approach the AWCI to check things out in person by attending events, become acquainted and rub shoulders with other colleagues within the membership. So much is being made available and it's not rocket science, its Horological science. If one is serious about it, they can begin by addressing some basic fundamentals that have been neglected. As watchmakers, we've all been struggling to sustain a professional identity over the past few decades. Now it's time to get back to basics and recognize what needs to be done to restore the correct image of the watchmaker, regardless if they're working in a retail setting or in a trade shop at home. And if they're working for a brand, there they can learn it first hand, but there are no secrets, there really aren't. The information is out there and available, one just needs to want to look for it. So, I hope I've answered your question.

Doug Stuart (DS): I think that's a good answer, and I think the first thing is to recognize that industry is not monolithic and that, when we sometimes talk about "industry," we lump everybody together. But some brands have done a much better job of finding what it takes than others. Rolex has been one of the leaders in that and I commend you and I commend your company. Rolex has really been out there and trying to work with us and establish something that looks like an objective standard. Some of the other brands have not. Some of the other brands have put forward things that they call standards but are really not standards that the watchmaker meets unless they want you to meet them. And so I think we need to be careful when we talk about leaving "wobble room" because "wobble room" is often code for subjective acceptance or rejection based on something that they're not going to tell you about. But if we want you to have a parts account we'll give you one but if we don't we're not. So, what I'd like to see is for the brands to somehow get together, just as the AWCI has come to the plate, and define objectively measured standards by which we qualify a watchmaker for a parts account.

CB: Thank you Doug, that's a very good point. I cannot speak for other brands, although we do have several other brands with us on the IAB. We are coming together on a regular basis, which is in itself unprecedented, so there's much work to be done. Regarding Rolex, we have been focused on this for a bit longer and we've also been learning as we go along. We are hoping that we can help others through common dialog because, as you know, the reality is that in the recent past all the brands have kept a distance from the AWCI for various reasons, and that's all behind us. Let's keep in mind that the brands we are referring to are primarily Swiss based since there are no longer any American manufactured brands so to speak. So we now find ourselves sitting together at the same table however there really has not been much in common on our plates yet. Only recently has there been substantial dialog forming to keep us moving forward so our plates are beginning to get filled with common goals. The mere fact that the brands are attending and getting involved is certainly a step in a positive direction. This dialog needs to continue and it needs to become more meaningful. However, "wobble room" is one way of saying it, but let's remember that historically, the situation we find ourselves in is unprecedented and it was not planned into the service culture of the brands to collaborate with an organization in this way and this will take some more time.

At Rolex we're fortunate to have a team of seasoned and talented watchmakers who are also concerned members of this organization who all "get it" and are willing to help, as with exam assessments, etc. However, what's most important is that we have management at the top in New York that has been very supportive of our efforts. So we hope to continue to make progress, albeit carefully, and so much has been accomplished already and I hope that this rumor, this misconception that was so popular a few years ago that the brands are focused on centralizing all their own service. That's impossible in this market. We need, I've said

this before and I'll say it again, we need more qualified independent watchmakers. That's why we're supporting the schools. Rolex spends 1.6 million dollars a year supporting education. We believe in the future need for service; we are all in need of skilled watchmakers. Also keep in mind that the graduates from these Rolex-supported schools are not all working for us, so this is not completely self serving, and I think you already know that. There are other brands that are also going in this educational direction as well, which is to be commended. So, as long as we are working together, as long as there's dialog and there will be points in which we will disagree on along the way; however, together we can find ways to both elevate the current conditions of watchmaking and satisfy the future service needs of all the brands in the U.S.

DS: Is there anything else AWCI can do to help move that effort forward?

CB: Yes, to continue the dialog with an open mind and consider the word that I've said a few times today in my message, "professionalism." It's really what it's all about.

Jon Horton (JH): Regarding education that we were talking about a few minutes ago, are the schools having a hard time getting students or are they at full capacity?

CB: In general, it's challenging. I think there are a few colleagues here from the other schools who would agree that students are not falling out of trees. They do need to be selectively sought after.

JH: I'd like to thank the brands that have worked with me, the companies that I represent, especially Rolex, do a fantastic job. The enhanced account is a beautiful thing which makes my life so much better. But I have open positions for four people right now, four watchmakers, and a couple of watch technicians. Have we considered that there's going to be a whole bunch of veterans that will have benefits and might love to be watchmakers? Has anybody tapped into that yet?

CB: You're right, there certainly is an opportunity of course for the veterans. There is currently an initiative in place to help facilitate that connection and overall, we need to keep in mind who will eventually replace those of us who are getting on in years, which is also part of the legacy. If you are interested in hiring a graduate, which, by the way, it's a rare student that can immediately work on their own in a store right out of school. They need to be mentored, some for a short period, some for a bit longer. I'm sure you understand why. What you should do is contact the schools and let them know your intentions. However, the reality is that these students are free agents. Even though our school and the other brand-sponsored schools are tuition free, there are no strings attached, to my knowledge, with Rolex at least. It would be ideal if we could arrange to have signed contracts directing them to your shop next year, but unfortunately that is not possible.

JH: Our center already has four watchmakers in it, two of whom are certified. We've been looking for a student since March and have had zero bites.

CB: We do provide the students with an updated list of job opportunities that are brought to our attention; however, for whatever reasons, they base their own decisions on prior commitments, desired locations, or many of them intended to head back home to wherever they're from. If they pass your name by, it's because they just passed it by, please don't take it personally. That's the reality and we do our best to help guide them along. One thing we do advise our students periodically throughout their two years with us is that when it comes to choosing their first job out of school, this decision should not be based solely on the highest salary offer. As tempting as it may be, one needs to seek the right environment that will continue their education, because upon graduation, they really don't know it all. They've learned the fundamentals, however there is so very much yet to learn. So we try and guide them in that direction; however, depending on the individual, this advice may not always sink in.

JH: You mentioned 65, I didn't quite catch, was it 65 graduates in your opening remarks, and over how long?

CB: Approximately 65 over 4 years, and that involves 5 schools. I referred to the 4-year period because that's when I was last able to speak to the Affiliate Chapters.

Dennis Warner (DW): Chuck, in the past 4 years, people who have qualified for CW21 but do not have accounts with your firm, how many new people have you taken on board that aren't with Rolex stores? Has that number grown a lot? Because I have people coming to me that say, "I've passed the test, Heinz will be coming out," but is that number growing for the people that are independents working out of their home workshops?

CB: OK, if I understand your question, how many parts accounts we have besides official retailers? I can share that. We have approximately 500 spare parts accounts that are not associated directly with official Rolex jewelers. Now, I can't give you an exact number, but to answer the other part of your question, yes, that number is growing. The reality is that it ebbs and flows. We unfortunately at times need to put accounts on hold and close certain accounts for various reasons. And it's typically based on the professional standards which we were referring to earlier.

DW: When somebody comes to us and asks, as a BOD or is involved with the education, it's really going to be advantageous, I know you can't guarantee opening the account but...

CB: No, no, we cannot guarantee anything but obtaining CW21 certification is one of the prerequisites.

DW: I just want to say that number is growing because of the CW21. In the past, you would take certain people in as accounts. We want to make sure that CW21 is now what's bringing the number up.

CB: It is. It's bringing the number up in confidence and quality. Once again, we now have a benchmark which we can rely on. Thank you Dennis.

DS: Chuck, a quick follow up on that. Do you have a sense, and I don't know if you can give this information, but do you have a sense of how many new parts accounts have been given to CW21 graduates?

CB: I would say, and this is an estimate since I don't see those numbers every day, but I would say at least a dozen.

Fred White (FW): One question I have, and it's not intended as a criticism. I'm thankful for the account I have and I appreciate your parts department. When I have a question, they seem to be able to go to the book and look it up. The question I have is, how do we as independents get the nomenclature for the various models that you have, the updates, and also how do we get the oil charts so we can do the oiling as you suggest we should do? You say you use these oils, but do I use this oil on the escape pivot, or do I use it on the center wheel? Those are questions that we get. The other part of my question is, why doesn't Rolex offer hands-on courses through AWCI?

CB: Thank you. OK, in regards to your first question, those of you who have received the AWCI certificate of late, you know that there is now a welcome package which Rolex sends out, and in it we do share some of that information. Now, it's something that we're doing carefully. For we realize that prior to these developments, a great number of Rolex watches have been serviced outside of our sphere of influence for many years. One of the reasons for this is that Rolex movements are designed to be very service friendly. Making this type of information available is also an evolutionary process; we've opened up the doors to spare parts, with conditions and prerequisites. With this process, we are also beginning to consider what additional information could be shared without required specific training. It's something we are studying and need to

be careful with and I hope you understand that we do have certain responsibilities and give priorities to our official retailers' service needs, which in itself is a full-time job. However, your point is well taken and we do intend to share more information. Regarding bench courses and Rolex-specific information, again, there's an evolutionary process in place. I cannot promise anything from where I stand right now but I can tell you that we have plans to involve more members of our technical staff who can share their expertise by giving bench seminars at AWCI on general watchmaking topics such as escapement and chronograph courses. As you know, Bernhard Stoeber has already been a perennial example of that. Mark Jones, our senior instructor, will also be giving a course in Harrison this year. Let me put it this way, in these matters; we need to walk before we can run. I hope that answers your question.

Jordan Ficklin (JF): I would like to follow up on that same question of disseminating information. As someone who's been to Rolex for training and who's come through the Lititz school, should I decide to write an article, how do you feel about me sharing the brand-specific information I've learned in training with Rolex?

CB: Well, Jordan I've already said how you are a free agent. Yes, you do have strong ties with us. The AWCI needs more individuals like yourself, to share, to stimulate, to dialog with your colleagues, and if there's something that you would like to share with the membership, it's a free world. We're not going to send a hit man out for you, but all kidding aside, what I would recommend is that you remain in touch with us and keep us informed of your intentions. We would just need to make sure that your facts are straight, ok? And just be prudent, being careful that what you are sharing is accurate and useful because there really are no secrets, so to speak, just plenty of specific technical details which can be confused and misapplied without the proper background, which is something you can attest to first hand.

Elbert Lewis (EL): Good morning, Mr. Speaker. Certainly, over the years, we thank you for all that you've done to share with us in communication and warm cordial relationships. Let me take this opportunity to introduce myself. I'm Elbert Lewis, REC outgoing chairman. The last 2 years have certainly been very interesting. One thing I'd like to share with you and concur on some things that I've heard already; I may not get this opportunity again so I wanted to be certain that I express some comments and thank you to all of you for what you've been to us over the years. One comment — high school youths are certainly not ready as a whole for our industry. We recruit, as a whole, in Ellisville, Mississippi and the surrounding 4 counties. Our enrollment has lagged since our military obligations to many veterans over the years when the program was started in 1946. It has declined to a graduate class of 3 students last evening. Unfortunately, I was not there to be with them. Those 3 were females, and it was a great thing because they worked real hard this summer for this graduation. One of them is employed with a private business and does well with her gifted skills of watch repair, but has chosen not to open a shop, not to go look for a job. The other one is looking, has sent resumes, but is unwilling to move to those locations that offer a better chance for her. The other one, as skillful as she is, is uncertain about her future because of the limitation of moving also. The area we're in is primarily agricultural, and everyone knows where Mississippi is, and it has many very positive things to offer. Let me just share this with you that schools are struggling so please don't forget them. Money is slim, don't forget that. Our program, open since 1946, has closed for this fall term, pending enrollment this spring. We are still limited to only high school recruiting and some possibilities through the veterans services which, Norm, I would like to inform you that there is a website which is helping to guide interested veterans towards choosing schools that are geographically closest to them. My question shall not be a question but shall be a thought. Help us to help each other by speaking positive of each other, growing with each other, and trusting each other. Thank you again and thank AWCI, all of the officers, friends, and all of you here today. Thank you for all that you've been to the great state of Mississippi and the Jones County Junior College School. Thank you.

CB: Thank you Elbert. Yes, Mack.

Mack Shuping (MS): I don't know if Fred White's question about Rolex supporting education would be answered at all by the fact that, if I'm not mistaken, Rolex also sponsored Antoine Simonin's Precision Timing Course which he came over and gave at our convention couple of years ago. Let's remember that it was training that was not specifically limited to Rolex but was valuable information that could be applied to our profession every day. So I don't know how much of that happened with other companies, but that kind of thing does happen and I really want to thank Rolex for doing that.

CB: Thank you Mack. That's a topic that we hope to discuss and promote with our other industry colleagues going forward. I'd also like to point out that we continue to support education at AWCI, in a form which may be taken for granted as when Bernhard Stoeber gives his chronograph course and with Mark Jones' escapement course. Their time and expenses are funded by Rolex in support of this organization.

Henry Kessler (HK): First I want to thank you, as everyone else has, thanks to Rolex for their strong support of AWCI and for your requirement that parts customers become members of the organization. Between that and the requirement that they achieve CW21, that's quite a huge shot in the arm for the organization. It's an incredible model for every watch company to follow and do the same thing you've done. I think they are clearly challenged to follow those same steps. My question or comment is related to the goal of developing a sales argument for becoming a watchmaker. I don't know if that job has ever been done, where someone says this is why you want to become a watchmaker, and when you try to go down that path there are several things that are needed. You need an understanding, an awareness of the profession. Right now, there's very little awareness of the profession, it doesn't show up on the map. You need an understanding of the demand and you need to have a positive future outlook. All of these things are cloudy for me. I have a difficult time understanding the demand. On one hand, I hear that the demand is huge. Bernhard, at one time, walked me through some simple math and was able to show me that if you took every watchmaker in the country and put them to work doing nothing but repairing Rolex watches you'd probably have just about the right number of watchmakers you'd need but there wouldn't be very many watchmakers left for anybody else, any stores or any other watch companies. That gave me a sense that there really is a demand, but I think it would behoove us to develop that number and try to really be clear about what the demand is for becoming a watchmaker. Then the other issue is unfortunately related to that—accessibility to parts, and until I heard you voice a moment ago the hundreds of spare parts customers that are not affiliated with Rolex, I was unaware of that. I always thought that you only sold spare parts to Rolex dealers. I didn't have any idea that there was any other way to get parts. So that makes me believe that there's a future outlook that's bright. It's good to understand all those variables and paint a clearer picture. Thank you.

CB: Thank you, Henry. I'd like to add to that. As an organization we're fortunate to have a vast pool of experience today, and Henry Kessler is one that has contributed so much to this type of dialog. The thought provoking questions that we don't typically ask ourselves as watchmakers, but Henry's coming from an experience in marketing and a business perspective that is invaluable to our organization. So, Henry, keep asking those questions and keep poking, because it is with this type of dialog will we find those answers and establish a clearer path towards creating more awareness of our profession.

Jim Lubic (JL): I have a quick question. I get phone calls in the office about the fluid, dynamic list of independent spare parts accounts where you're constantly opening new accounts but, at the same time closing existing accounts because they don't meet the basic professional standards that have been set up for your spare parts accounts. So, when one does not meet these standards, I'm usually one of the first ones they generally call to ask, "What should I do?" My advice to them typically is that you already know what needs to be done to clean up your workshop and to become certified, and do you have the proper equipment that has been suggested that you need so you can reapply for the account. Is that the right way to go about it?

CB: Yes it is and your comment on them already knowing why is an accurate one. You just need to remind them that they really do know. Old habits die hard. We do on-site visits and it's so revealing. It's also about business ethics. We are part of such a small industry and we all eventually become aware of details surrounding one's business. It's a multifaceted subject of professional principles and first impressions.

That can be a provocative question; however, one probably knows what is needed, especially if you've experienced one of our visits. Quite often we'll put an account on hold or close it shortly after there's been an on-site visit; the person in question needs to be perceptive as to what is said, what is talked about at that visit. You know, Heinz Leuenberger is someone who has a lifetime of experience and he's out there, yes, with a purpose for Rolex, however he's also truly helping the industry as a whole. He is also assisting the individuals because quite often the individual craftsman in question may not have a clue of certain things. Maybe they lack formal training, and that's all too real today because of the history of what's happened to watchmaking education in the U.S. over the past 50 years. The AWCI has now created a pathway for that type of craftsman to step up to the plate and pull themselves up by their bootstraps and inquire about courses and proceed as needed. So, it's not so much that we're going in as police to evaluate everyone; it's more comprehensive than that. So I hope I have answered your question Jim.

JL: Something that I think would be useful for our membership to have is what you mentioned earlier, which is the information provided on our web site, the sample shop layouts, the list of the proper equipment and of course we have the Standards and Practices for the CW21 as well. However, I think it would be very helpful if we also had actual photographs of the types of workshops that the industry is expecting; especially for those who have doubts as to what their shop should look like or how it should be laid out. We've designed our classrooms at AWCI to be such an example of how things should be organized and such; however, it would be a benefit for us to be able to refer them to the web site to find actual photos of shops that are also Rolex accounts. They could see how some watchmakers or retailers have laid out their shops and how organized and clean they keep it. So that's an open invitation for everyone here as well if they would have any such photographs to share.

CB: Heinz does indeed carry with him the very kind of photographs that you are referring to because there are some model workshops out there; some of those watchmakers are sitting in this room. There's nothing like a picture, and for someone who's been in their own environment for so long, operating in the same conditions for years, it's nice to get a fresh look at what could be. It really doesn't take all that much time and expense for improvement.

JL: Ok, I'd just like to make a couple other statements while I'm here and that is to echo the thanks that others have mentioned. You don't realize and I don't think the membership realizes what a partner Rolex has been to AWCI that has helped us come to the level we've come to today. When we first started developing our certification and I needed someone to be at a certain point at a certain time I called Chuck and he was either there or Bernhard was there, or Herman was there, there were never any questions asked, it was just "we'll be there and we will help" and that was when this all first started. When it came to developing the advisory board, Rolex was the first one to volunteer to pay \$10,000 per year for IAB dues, and Richemont has followed in that step. When it comes to offering teachers for AWCI, Mr. Simonin was sponsored a few years ago, Bernhard has done it for, I think this is his 3rd or 4th year of the chronograph course. And, of course, Mr. Jones did it for the first time this summer. That is expense-free for AWCI. They pay for their instructor to be there, salary while he's there, his travel, his hotel; they buy his meals while he's there. We accept the fees from our members for the class, and that is a real shot in the arm. When it comes to continuing involvement in the certification, Chuck alluded to the fact that we need more participation in assessors and administrators. Whenever we are short of an assessor for certification, we call Chuck, we call Heinz, we call Mark Jones, we call Bernhard, one of them always comes through. This is something that happens while we're

developing our network of people we can rely on; we don't want the same people to have to be there and can count on them every time we do an assessment. We want to have a different set every time we do an assessment. It's still being developed, and so we need the members' input and we need them to volunteer to get involved with this. We'll pay expenses and we'll pay a stipend if we need to but that's all part of continuing to improve the professionalism in the organization. The last thing that comes to mind with assistance is the JCK Show. Rolex worked with Henry Kessler and me to design the backdrop, the booth, and if I remember correctly, that was a \$20,000 project as well. Rolex has been there for us, and I'd like to thank Chuck for coming here and answering these specific questions that we all heard mumbling in the background over time. It's nice to have the opportunity to talk directly to Chuck and get straight answers to the questions many of us have. Thank you very much, Chuck, I really appreciate it.

CB: I'd just like to repeat what I said earlier; we're just fortunate, as watchmakers, to work for such a service-minded company as Rolex, who's management is progressive and open-minded. Any other questions?

Chris Cary (CC): Hi, Chuck. I'm Chris Cary from Massachusetts. I may not understand this, but is it correct that if a watchmaker applies for a parts account and they are denied, he doesn't know why, you don't tell him the reasons why?

CB: Originally we were not; as I said, it's an evolution. We send out a list of prerequisites; have you received one, or have you applied?

CC: No, this is new to me. I was just surprised that if someone did apply, and you say, they're denied, wouldn't it be useful to explain, so they could correct the problem?

CB: That's why we've begun sending out a prerequisite list of things we require, so, if that list is something that can be achieved.

CC: Well, it should be pretty obvious. I don't see what the problem would be.

CB: Also, one thing that's not highlighted on the list, though maybe it should be, it's all about business ethics. Because it's a small world, I think we all realize that.

Doug Stuart (DS): May I follow up on that?

CB: Of course.

(DS): This also follows up on Mr. Lubic's question. I'm an engineer and a mathematician by training so I like to have things pretty cut and dried. It's kind of the way I am. Why would Rolex not be willing to say: "Your account was closed because of the following deficiencies - 1, 2, 3. Correct the following deficiencies and talk to us again." Why can't it be that clear cut?

CB: Doug, it can be. We've also started, as when Heinz Leuenberger visits, he will make comments and suggestions while he's there; but you know, sometimes it just falls on deaf ears. And so, we will put accounts on hold with those comments in mind, and if things improve and change, we'll reopen that account. Yes Doug, I think we're moving toward more transparency there. But it's a 2-way street.

Lowell Fast (LF): I'm Lowell Fast; I represent the Horological Association of Virginia. One of the questions some of our members have is, what would it cost to set up a shop, equipment-wise, for a new person going into business? I think part of the problem is not just between people who work on Rolex watches but the membership in general. There's a lot of distrust over the past 3-4 years and agitation over certain things they don't think are clear. I think some of what Doug is talking about, and I, being an engineer also, I think I know

what he's referring to. I don't want to put words in his mouth, but the objectivity ought to be a very clear-cut thing to get into this to understand, maybe you ought not to be in this business. If I take and pass the CW21, do I get a parts account? No, you don't get a parts account if you pass that test. I haven't seen that come out and be spelled out in that simple words right there. It's one of many considerations, and here are the rest of the considerations. You ought to be prepared to put up, what, \$20,000, \$40,000, \$50,000 in equipment. What's the limit on that, to bring you up to the level, if you're working and competing with the professional business ethics of an affluent locality? What's it going to cost you to set up a shop to properly do not just Rolex standards but other high-end standards? And maybe this shouldn't be the business for you, before somebody puts their money into coming up here and shuts down their independent shop somewhere and comes up and spends \$4,000 or \$5,000 in lost expenses, maybe taking that test is not going to be the answer. Our organization is about a hundred now and the Rolex and high-end people are the small minority in that, so we have to try to keep our organization going. We can't let it be torn apart by misunderstanding out here. So I think a real objective layout, like schematics, oiling procedures, things like that. When my father was in this business 40 years ago, manufacturers would be lined up at the door with free handouts of schematics and oiling procedures, basic things like that. Veteran's Administration brought so many people into the business it became very competitive because of the excessive number. So a lot of these objective measurement points are very important to preclude misunderstandings, that it's not a vast conspiracy out there. But the Swiss and the Europeans in general have a little bit different way of doing business than we do in this country. We are more independently oriented. And I think there's an understanding gap there, too, you know. So people need to understand you're going to have these standards put up in place, and here's how I'm going to be measured. Don't let them put their money into taking these tests and training and then be disappointed and agitated from that. So I think, say on a Rolex web site if you couldn't put it on AWCI, because we've tried to get this put on the AWCI web site, schematics, parts list, oiling procedures, and they say it costs too much. So maybe if Rolex could put it on their web site. I felt some hesitancy when you were talking about that like putting that information out there may be detrimental, it could be. I don't know, maybe you don't want people ordering part A-27 off the top of their head, but I think an understanding of the distrust out there is very important to move ahead and get out of this confusion we sometimes are in.

CB: Thank you. Where do I start? Fifty years ago, you referred to the previous generation and how the brands made things available, well, the U.S. had a very strong educational network, so it was likely. It was actually relied upon that the individuals with whom the information was being shared had qualifications, had skills. We lost that infrastructure; we're rebuilding it now. Which is why we've chosen to partner with AWCI to help bridge that gap; we need to qualify those individuals out there who think they're watchmakers. Watchmaking is a beautiful profession for someone, also for those who make it a hobby. That's fine, there are fine hobbyists out there; however, that person needs to want to go to the next level, not just tinker, because we're dealing with timepieces that are thousands and thousands of dollars, and they are very expensive to service, especially if they are serviced improperly. So I agree; in a perfect world, yes, we'd be on a web site and everybody would have a code to go in there and maybe that day is coming, but we have to qualify those who want to service our product because our customers deserve that, because the buck stops here. I can't tell you how many pieces we get in that have been butchered up. Now, that person may not have intentionally butchered it up; however, the issue is that person may not have been qualified. It's all about qualification. And yes, there's confusion out there, and we hope we've clarified some of the confusion by sending out a list of prerequisites.

As far as what it costs to equip a shop, that information is available. You just have to look at the brand names of the items that you think you need to buy, and you just do the math. And I agree with you, some people may be going into this with illusions that it's something where if they make the investment, they could just wing it, but it's more than that. Your general comments are helpful, because what you describe is the reality of things; it's an evolutionary step. And the more we get to know who's who, it's not unlike any of you that are

in your own business. Who are you going to let work on your customer's products? Maybe only yourselves, because, as watchmakers, nobody does it better than we do. However, that's a pointed question. Well it's no difference; it's just a different scale that we're working at. Our customers pay dearly for the product because they believe in it. We have strong brand recognition; we have a strong brand awareness and customer loyalty. That is something that is precious because as soon as we begin to let that slide, then the brand, in this case Rolex being the one I'm familiar with, starts to lose sales and, I'll be honest, the sales of our products is what floats the service boat. It floats why I'm here, why all of us are involved. So, it's not a simple situation; it may appear unfair at times, but we need to walk before we run and we do need collaboration with all of you. We are making progress.

Michael Gainey (MG): I have a comment I'd like to make. I find it interesting that there can be any cooperation within any given competitive market. I'll open with that statement. A group of people like this in the same trade, even in the same geographical area coming together to help each other, I find that very interesting. I think in a lot of businesses there probably is very little cooperation, like Lowes cooperating with Home Depot, for instance, for the benefit of the both of them, I don't think that happens. But, would you agree, I doubt Rolex would help AWCI to the extent that they've done if there had not been a benefit to Rolex. Would you agree that there has been a benefit to Rolex?

CB: Unabashedly; we've been very above board with that.

MG: I thought that's what you would answer. So, obviously AWCI would benefit greatly if more and more watch manufacturers would come on board as you have. So, I don't know if you can answer this or if Jim is still here; is AWCI letting other watch manufacturers know the type of benefit you're receiving as an incentive to these other watch manufacturers to come on board and help, and also receive the same benefit? And the dichotomy there is, how does that effect Rolex if all these other companies come on board? Does it become a negative to you if, all of a sudden, there's 20 other watch manufacturers helping AWCI?

CB: I'll answer that in two parts. First of all, the other brands who are already involved as members of the IAB, we are already rubbing shoulders, and there are more to come. I think it's inevitable because every brand that's a quality brand, and there're many quality brands out there today, open up any watch aficionado magazine, and they realize pretty quickly that those pieces will eventually come back in for service. If they don't have a service infrastructure ready, that can sink a company, especially a start-up company. Some of them are obviously realizing that. As far as your second question, it's not a negative. Because, you know what, we are competitors on the retail level, but when it comes to service and education, we can't do more to help each other than by helping organizations grow, like the AWCI, because the infrastructures for watchmakers in this country are being rebuilt. So, we're not in competition for service, not at all. We've already made our sales, and I speak for all the brands, we have our niche and we have our levels. Every brand needs to look in the rearview mirror when it comes to service. It's not a negative to work together because we are already here and working together. Let's look at the schools we've opened; there are several graduates from the Technicum who are working for other brands. That's fine. We are also encouraging them to work for retailers because that's where the rubber meets the road. So I can see no negative there.

MG: I wasn't suggesting there was; I was just curious how you'd answer. So, as a clockmaker, I'm not even aware of how many different high-end manufacturers there are and how many are currently working with AWCI. Naturally, it would be great if all these different manufacturers would adopt the scenario that Rolex has as far as parts accounts. Are all these other manufacturers aware of what's going on; has AWCI reached out to all these manufacturers and stated a case for why they should participate and join Rolex and come together and make this thing happen with certification and shop standards?

CB: Well, typically, the watch brands that are involved are the big ones. Generally, what the big ones do, the smaller ones will follow suit because there are benefits to be had. We have been preparing the way, so to speak, in the U.S. which has been a major challenge. We are preparing the way and reinventing what watch service means in this country.

MG: The reason I ask, and think this is such an important question, is because to my knowledge, isn't Rolex the only one saying that you need a CW21 to get a parts account?

CB: We're the only company that's been so vocal about it, out in the open about it. Swatch Group has also, though I don't want to speak for the Swatch Group, but they've also stated that as well, and I think they are proving that over time. Richemont I would also expect the same because there's nothing negative about it, it can only benefit everyone. Thank you.

Doug Stuart (DS): Is there a recognition with you and with other industry partners that the AWCI represents and has as members and constituents who are more than just modern high-end watch repairers? We also represent clockmakers and material distributors, jewelers, and we represent guys like me who work on vintage pieces and antique pieces and that we are also part of who the AWCI is and as an organization also needs to represent. I think what I'm driving at is, oftentimes professionalism is equated with modern high-end watch repair and it's possible to be professional at whatever facet of horology you focus on. Is that recognized with our industry partners?

CB: That's a very good distinction, Doug, and yes, it is. Now, granted, the industry partners have a need and a focus, and the market is on fire. Demand is out there, it's unprecedented, and it's for high-grade watches. These are expensive pieces, so that's where our focus is. Now, each different constituency has its own focus. It's not that one is better or more deserving than the other. I think there's a place for everyone, but we've invested in watchmaking education because we need it. We've invested in what we've shared here with AWCI because we need it. In your situation, Doug, you've invested your time and efforts in what you need. We're not at odds, we're not trying to muscle in, we're trying to broaden the perspective and address the needs of the market. I don't think anyone will deny that the market for high-grade watches in this country is probably the strongest of all the markets represented by the membership. So, yes, obviously there's room for everyone, but we just want to express the sense of urgency and do something about it. We're here to do that, not to steam roll anything, and it will benefit many, many future watchmakers. I can't speak for the clockmakers, but the same thing applies there, with vintage and modern repair, but we're talking different economies of scale.

Michael Gainey (MG): Just to add to that, for Doug's sake, what your focus is helps to raise AWCI in general. That brings new active members in which makes the organization stronger, which in turn helps the clockmakers and everyone. You know, the rising tide raises all ships.

CB: That's a perfect metaphor. Doug, any more questions?

DS: No, I promised that was my last.

(Laughter & applause)

CB: If I may, I'd like to just leave you with a thought, something I heard recently. "It is human nature to resist change, but it is also human nature to embrace progress, and we need to recognize the difference." Thank you very much for this opportunity.