Victorinox History

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Private Company
Incorporated: 1891 as Swiss Cutlery Guild
Employees: 1,000
Sales: $337.1 million (2005 est.)
NAIC: 332211 Cutlery and Flatware (Except Precious) Manufacturing; 332212 Hand and Edge Tool Manufacturing

For more than 100 years, Victorinox AG has supplied knives to Swiss Army soldiers. Each day, the company produces 34,000 Swiss Army knives, 38,000 pocket tools, and 30,000 household, kitchen, and professional knives. Approximately 90 percent of its production is exported to more than 100 countries. From repairing the space shuttle to emergency tracheotomies, Victorinox's products have been used throughout the world. In fact, several U.S. presidents have commissioned personalized versions of the Swiss Army pocket knife and the Museum of Modern Art in New York features Victorinox's products in its design collection.

19th-Century Alpine Origins

Carl Elsener was born in 1860 to Balthasar Elsener-Ott, one of a long line of haberdashers in Zug, Switzerland. Instead of taking up hats, Elsener learned the craft of knife-making and apprenticed in Paris and Tuttlingen, Germany, where he specialized in surgical quality instruments and razors. Elsener began making knives for himself on January 1, 1884, in Ibach, south of Geneva in the pastoral canton of Schwyz, the birthplace of the Swiss Confederation. A former mill on the Tobelach River (Tobel Stream) housed Elsener's first workshop. The first Swiss Army knives were reproductions of pocket knives mass-produced in Soligen, Germany. A blade, punch, can opener, and screwdriver folded into the knife's handle. Elsener began making them for the Swiss Army in 1891, after organizing the Swiss Cutlery Guild of 37 craftsmen in order to ease the district's severe employment deficit, which was forcing its agricultural labor base to seek greener pastures in foreign lands.

Elsener was not the only knife maker granted a contract. Although the Fabrique nationale d'armes in Bern had turned down the chance to supply pocket knives for the army, the Forges de Vallorbe was another early supplier. Around the dawn of the 20th century, Paul
Boechat & Cie (based in the Francophone Jura canton), later to become Wenger S.A.,
also became a supplier, giving rise to decades of apparently contradictory claims of
authenticity from the rival manufacturers. The Swiss government would continue to
maintain the right of both of these two companies to manufacture official Swiss Army
knives.

Many variations of the original Soldier's Knife ensued: farmers, students, and cadets alike
could have their own namesake folding assortment of tools. Elsener's stroke of genius
came when he whittled down the original knife's clunky design, adding two new features
for the benefit of officers, who unlike enlistees typically had to buy their own knives. A
small, sharp "erasing" blade was useful for scraping off mistakes in paperwork
handwritten by pen. A corkscrew helped enhance the officers' dining and socializing. The
six blades required only two springs. The "Offiziersmesser," the official knife of the
Swiss Army, was registered for trademark protection on June 12, 1897. When later
offered for sale to civilians, the knives sported bright red handles to aid their visibility in
snow. The original Army models were housed simply in a metal case.

The company's tinkering did not end with the Officer's Knife. Its success spawned knives
with various additional appendages, including a saw, scissors, tweezers, and magnifying
glass. The Swiss Champ performed 30 different functions. The 24-tool "Champion" has
been displayed in New York's Museum of Modern Art and the Staatliches Museum fur
Angewandte Kunst in Munich as a pinnacle of product design. In the 1990s, it retailed for
about $90; the six-blade Classic sold for $18.

The company began using a Swiss White Cross to identify its wares in 1909. Elsener
dubbed the line with the trademark "Victoria" in honor of his mother, who died the same
year. The -inox suffix was attached in 1921, a designation for the stainless steel newly
introduced into the knives' production. In the 1920s, the field of craftsmen supplying
pocket knives to the Swiss Army was thinned to only Victorinox and Wenger.

**Mid 20th-Century Rise to Prominence**

In 1937, the Forschner Butcher Scale Company of New Britain, Connecticut, began
importing Victorinox butcher knives. American buyers were not introduced to Swiss
Army Knives en masse, however, until they were sold at overseas army bases after World
War II. Forschner was also a venerable family-owned business, founded in 1855. Swiss
Army knives replaced butcher scales in its product lineup after it was sold in 1957.

So compact were the knives that appendages often served more than one function. For
example, in 1951 Victorinox received a patent for its new can opener, which was said to
work easily and not leave ragged edges. The end of the can opener had been fashioned
into a small screwdriver blade. (One un-stated function that had always been included
with screwdriver blades was that they spared the knife blades from being ruined in prying
open containers or twisting screws loose.) Victorinox also made the knife lighter by using
aluminum alloy rather than nickel and silver in the separators.
In 1960, the KGB and Soviet press mulled over a Swiss Army knife, among the ingenious Western spy equipment found on Francis Gary Powers when his U2 was downed over Russia. Victorinox maintained an enduring relationship with pilots, who had a natural affinity for compact, lightweight devices. One aviator even reported using his Swiss Army knife to free himself from burning wreckage. The knives would later be carried aboard the space shuttle.

Forschner became the exclusive Victorinox distributor for the United States in 1972. This was documented formally in 1983. Forschner was sold again in 1974, to investor Louis Marx, Jr., who sold the knives through mass-market retailers instead of just outdoor supply stores. The company went public in 1981; one significant investor was Charles Elsener, president of Victorinox.

In 1976, Victorinox began supplying the Germany army with pocket knives—sporting a German eagle rather than the Swiss cross. After the United States, Germany was the firm's biggest market.

**Spinning Off New Products into the 1980s and 1990s**

Some earlier brand extensions were the survival kits Victorinox had assembled as a natural complement to its pocket-knives. A broader diversification began in earnest after Forschner registered the Swiss Army name as a trademark in the 1980s, clearing the way for product spinoffs such as sunglasses and wristwatches. The watches, which retailed between $75 and $500, performed beyond expectations. The granting of the trademark provoked some public questioning since the Swiss Military Department did not require royalty payments in return. It did stipulate, however, that such products be made in Switzerland and be of "exceptional quality." In 1996, Forschner, then known as Swiss Army Brands, did agree to pay royalties, however.

The deal prompted a lawsuit from Precise Imports Corp., U.S. and Canadian importer of Wenger knives, which was settled in 1992. Forschner retained the rights to use the Swiss Army trademark on its compasses, timepieces, and sunglasses, while Precise could use it in marketing other non-knife items. Watches under the Wenger brand did appear in stores opposite Victorinox brand watches (made by a separate Swiss supplier). In 1992 and 1993, Canada and the Caribbean were added to Forschner's exclusive sales territory.

The connotation of quality possessed by Swiss Army knives helped U.S. distributor Forschner build a considerable business selling the knives as promotional items imprinted with sponsor's logos. Lyndon Johnson reportedly gave away 4,000 of the knives embossed with his signature, starting an enduring White House tradition. Approximately 100 companies bundled Swiss Army knives with their wares to entice consumers in the 1990s. Massachusetts-based Cyrk, Inc. specialized in this type of marketing.

Pharmaceutical companies such as Eli Lilly bought hundreds of thousands of the knives to promote new drugs. In 1989, Forschner sold nearly $10 million worth of them this way. The knives made medical news more than once, being used by doctors in emergency in-flight tracheotomy operations to save choking airline passengers. Not
surprisingly, a special blade was eventually created for this purpose, as well as a tool for pulling cotton out of medicine bottles.

The renewed vigor of Victorinox in the 1980s and 1990s inevitably began to arouse competitors. Schrade Cutlery introduced a German version of the knife. Wenger made an agreement with Buck in 1991 to market knives under the well-known American brand name.

In 1992, Forschner sued to prevent the Arrow Trading Co. from importing Chinese clones displaying a white cross and shield and the words "Swiss Army." Victorinox introduced the genuine article to the Chinese market in 1993, when worldwide sales totaled $148 million (only $83,000 of this garnered in China).

Various refinements helped broaden the knife's appeal. Victorinox attempted to make the knives more attractive to female buyers by offering them in various colors. The Executive model, a small knife featuring tools such as a nail file and orange peeler, sought to cut out a place for Swiss Army knives in the business world. The SwissCard embodied the concept in the form of a "credit card" a fraction of an inch thick, which sported a toothpick, tweezers, letter opener, pen, and scissors.

**Company Perspectives:**

*Our efforts to offer consumers around the world functional and practical high quality products at affordable prices gives our lives deeper meaning and adds joy and satisfaction to our work.*

In the mid-1990s, Victorinox had an 80 percent market share for Swiss Army knives outside Switzerland. Sales to the Swiss Army itself had dwindled to less than 1 percent of the company's output. Victorinox also made kitchen knives carrying the Forschner brand name, as well as daggers and kitchen knives for the Swiss Army. Victorinox made 400 different chefs' knives as well as at least as many variations on the Swiss Army knife. Only a fraction of these models (40), however, were marketed in the United States.

Forschner changed its name to Swiss Army Brands, Inc. (SABI) in the middle of the decade to reflect the company's principal focus. Its sales were $130.01 million in 1996. Swiss Army brand extensions earned nearly half of this; the knives themselves earned slightly more than one-third.

**Cutting into New Turf and a New Century**

As it approached the new millennium, Victorinox exported 90 percent of its production. As Carl Elsener reported, "We receive many letters from abroad which make us proud of our product, but also of Switzerland. To be able to advertise Switzerland and Swiss quality is a great honour for Victorinox."

Elsener summarily dismissed the concept of moving pocket knife production overseas in order to slash labor costs and customs duties. He cited the company's stated mission of
providing employment in its rural environment (headquartered in a town with a population of 3,500) as well as the selling power of Swiss craftsmanship. The plant manufactured 34,000 pocket-knives per day.

Victorinox boasted of its new factory's efforts to minimize ecological impact. The plant was heated primarily through energy recovered from its own manufacturing operations. In addition, 100 adjacent apartments also shared this heat source. Other environmental conservation measures included recycling industrial waste.

Victorinox AG celebrated the 100th anniversary of its "Offiziersmesser" in 1997. Although the Swiss Army knife had remained a bestseller throughout the century, the firm continued to refine its mainstay as well as develop new products. The calls of new markets, such as Latin America, could be heard echoing through the Alps, and the village's workshops hummed with activity in response.

The company was well positioned to handle the challenges it faced in the new millennium. The terrorist attacks in 2001, which led to strict travel restrictions and a slowdown in consumer spending, cut into company sales of Swiss Army knives. In fact, sales of Victorinox's knives reportedly fell by as much as 50 percent when the knives were no longer allowed on planes. The opening of a new SABI store in New York's SoHo district was also set back by more than a month as a result of the attacks. The company experienced another blow in 2003 when Switzerland decided to cut its military forces by one half.

Despite facing uncertain times, Victorinox forged ahead. It teamed up with SABI in 2001 to create Victorinox Swiss Army Watch AG, an international watch company. It purchased the remaining shares of SABI the following year, taking the U.S.-based company private. Sue Rechner, SABI's new president, commented on the deal in an October 2002 National Jeweler article. "Now that we don't have to worry about shareholders," she claimed, "we will be far more flexible and agile. The purchase by Victorinox allows us to be more competitive, because we can redeploy resources at the drop of a hat. We can concentrate on our core business, instead of worrying about how to make money in the short-term."

Victorinox's next big move came in 2005 when it added competitor Wenger S.A. to its arsenal. Both companies maintained their individual identities and expected the union to be beneficial on several levels. For Wenger, it provided much needed financial relief and would allow production to continue. The merger also kept the manufacture of genuine Swiss Army knives in Switzerland and put both companies on solid footing to compete with cheap imitations that were surfacing abroad, especially in China. Together, Victorinox and Wenger produced more than 25.7 million knives each year.

Victorinox's strategy during this time period included the introduction of unique and inventive products while continuing the longstanding tradition of providing top quality knives, pocket tools, and watches. Many new versions of the Swiss Army knife were being launched in order to combat weak sales. New knives that had flash memory sticks, glow-in-the-dark handles, and other digital features were hitting store shelves. Wenger introduced Evolution, a new line of ergonomic knives, to the American market in 2005.
Although Victorinox had battled unprecedented challenges over the past several years, it stood in an enviable position as the sole manufacturer of the genuine Swiss Army knife. Carl Elsener and his management team were confident the company was prepared to overcome any future challenges that may come its way.

Key Dates:

1884:  
Carl Elsener begins making knives in Ibach.

1891:  
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1897:  
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1909:  
The company begins using a Swiss White Cross to identify its wares; Elsener dubs the line with the trademark "Victoria" in honor of his deceased mother.

1921:  
The -inox suffix is attached, a designation for the stainless steel newly introduced into the knives' production.

1937:  
The Forschner Butcher Scale Company of New Britain, Connecticut, begins importing Victorinox butcher knives.

1972:  
Forschner becomes the exclusive Victorinox distributor for the United States.

1976:  
Victorinox begins to supply the German army with pocket knives.

1996:  
Forschner changes its name to Swiss Army Brands Inc. (SABI).

2002:  
The company acquires all remaining shares of SABI.

2005:  
Victorinox acquires competitor Wenger.

Principal Competitors

Buck Knives Inc.; Swank Inc.; Timex Corporation.

Further Reading


—Frederick C. Ingram