

# LOS ANGELES BUSINESS JOURNAL

## Gushing Praise

By RICHARD CLOUGH - 3/2/2009

Los Angeles Business Journal Staff

Millions of people across the globe are familiar with the work of WET Design, yet few probably realize it.

The Sun Valley company is a pioneer in the field of water fountain design, developing both locally and internationally renowned attractions, including the dancing water features at the Grove, the Seattle Center International Fountain in front of the Space Needle and even the 130-foot torch known as the Cauldron for the 2002 Winter Olympic Games.

The company's most well-known creation, however, is undoubtedly the fountains at the Bellagio hotel and casino in Las Vegas, featuring a man-made lake with 4,500 lights and 1,200 nozzles that can blast water as high as 250 feet. In fact, to call what the company creates "fountains" is a bit reductive, asserts Chief Executive Mark Fuller.

"We don't build water fountains – that's a myth. What we do is we build people magnets. We build things that draw crowds of people," said Fuller, a lifelong water enthusiast. "If you go along in front of the Bellagio, that rail is always packed."

The company, now celebrating its 25th anniversary, just announced its best year ever, with 2008 revenues topping \$67 million. The company has seen its employee ranks mushroom to 375 from just 175 a year ago, which also reflects its decision to bulk up its in-house manufacturing capabilities.

This year WET is working on 18 fountains – more than ever – and expects 10 percent revenue growth. On the horizon: one of its largest challenges to date, a top-secret project in Dubai that WET promises will be among the largest fountains in the world.

But just as the company has hit its stride, troubling signs have emerged. WET's fountains adorn some of the world's largest developments, including several in Las Vegas; but the deepening recession is forcing developers to trim or shelve many of their huge projects.

"In the last five to seven years there was this sort of free money environment; everybody was trying to build these multibillion-dollar resorts," said Rory Stace, an analyst for National Securities Corp. "A great majority of that has come to a screeching halt in 2008 because the overall contraction of credit across the board has pulled back a lot of large gaming development."

What's more, he said, many of those projects that are moving forward have been trimmed of nongaming essentials, a category that includes amenities such as fountains.

But Fuller claims not to be concerned, noting that the company's fountains generally cost between \$200,000 and \$40 million. That's the kind of expense that's relatively minor for a big-budget project – yet can help a development outshine its competition.

"The smart (developers) understand that the tougher the times are, the more important it is to get people there," Fuller said. "We're a very cost-effective way to do that."

## Getting WET

From his childhood, it seemed predestined that Fuller would create a career out of water.

As a kid, he and his grandfather tore apart a washing machine and used the parts to build a device that would control his family's fountain. In college at the University of Utah, he wrote an undergraduate civil

engineering thesis on “axisymmetric laminar fluid flow,” which explains the characteristic of water that allows it to flow in a tight stream, looking like a still glass tube.

After obtaining a master’s in engineering and product design at Stanford, Fuller got a job with Walt Disney Co., eventually designing a groundbreaking water feature for the company’s theme park in Orlando, Fla. That accomplishment got noticed by developers in Dallas, who hired Fuller to create fountains for an I.M. Pei-designed office project.

Then, in 1983, Fuller and a few colleagues decided to break out on their own and start WET, which had a modest beginning.

“We didn’t pay ourselves for like three months and my kitchen table was the office. Then we moved from there to a little place that was over a church,” he said. They funded themselves with about a dozen personal credit cards and “we ran them all up to the max.”

However, the company almost immediately got work, building nearly a dozen projects in its first three years of existence, including the “Splash” show at the Riviera hotel and casino in Las Vegas in 1985.

The company was successful over the next decade – building more than 50 projects in that span – when it hit the jackpot in 1995. It was approached by Las Vegas developer Steve Wynn to design an enormous fountain for his then-upcoming Bellagio resort.

“Our total contract was \$27 million, which was more than we had done in multiple years put together,” Fuller said.

Still, with all the work put in and the technology developed for the project, he said, “I don’t think we made a dime.”

But the response was overwhelmingly positive to the fountains, which feature jets of water that glide, twirl and dance to songs ranging from classical to Frank Sinatra to Madonna. The intricate choreography makes the water seem to come alive, drawing thousands of awed spectators to the shows that start every half-hour, and every 15 minutes at night.

“People get very emotional,” Fuller said. The fountains have served as the backdrop for many weddings and some people have even been known to throw ashes of deceased loved ones into the waters.

“Steve Wynn has told me many times that his friend Steven Spielberg has stood there and said, ‘This is the greatest piece of public entertainment on planet Earth,’” Fuller said, proudly.

For many years, the company outsourced its manufacturing work to Asia. But after the Bellagio project, the company revved up its research and development activity in order to create innovative nozzles and other fountain parts.

With the constantly changing parts and the need to order just a few at a time, the company opted to bring its manufacturing in-house. Now, WET has several bright and spacious shops attached to its headquarters office where workers build a variety of intricate parts for the fountains.

The company’s innovative streak is what executives say sets it apart from the dozen or so competitors in the fountain design space.

“It’s true that we work primarily with water, but ultimately we’re creating an experience,” said Patty Lundeen, manager of design for WET.

### **Creative space**

That is a notion echoed by many of the company’s customers.

In July, the Port of Los Angeles unveiled the San Pedro Gateway, a WET-designed fountain that is the centerpiece of the port's efforts to revitalize the city's waterfront promenade.

Arley Baker, director of communications and legislative affairs for the port, said the fountain has been a tremendously popular attraction for residents since it opened.

"What that fountain has done is it has really activated our existing waterfront promenade area in a way that hasn't been done yet," he said. "Before, there just wasn't an attraction that would compel people to go down there. Now, if you go down there on a Friday evening or a Saturday evening, there are hundreds of people."

For all its creativity, the company's headquarters is a nondescript building abutting the runways of Bob Hope Airport in Burbank. But inside it's another story: try one part industry, one part cutting-edge design studio and one part Willy Wonka chocolate factory.

At the doors of many offices and conference rooms is an array of erasable colored markers that employees are encouraged to use to sketch out ideas on the whiteboard walls.

Nearby, in the so-called Idea Garage, graphic designers, artists, animators and even an Academy Award winner or two develop ideas for elaborate water features. On a recent 80-degree day, some of the company's avant-garde designers strutted around the studio wearing knee-high boots and scarves.

Perhaps the most unusual space is reserved for Fuller himself. One wall of his office is covered in dried insects, including butterflies, beetles and a footlong Malaysian walking stick. There is no desk – just a big table in the middle of the room. Most unusual, however, is the secret passageway hidden behind a bookcase. A tug at the wall opens a bookshelf door to reveal a staircase leading to a room where top executives sometimes meet to brainstorm.

The unusual environment has served to attract a diverse set of creative and technologically proficient people.

"It's an interesting, nontraditional, strange combination of people whose left and right sides of their brains co-mingle," Fuller said.

## **WET Design**

Headquarters: Sun Valley

Chief Executive: Mark Fuller

Founded: 1983

Core Business: Designing elaborate and complex water fountains for hotels and other luxury developments

Employees in 2009: 375 (up from 175 in 2008)

Goal: To maintain growth amid a cutback in worldwide real estate development by staying on the cutting-edge of design

Driving Force: The desire by developers to make their projects stand out