



THE DIVINER

Success and Struggle in the Bottled Water Business

Alkaline Water founder Steve Nickolas can see things invisible to others — products that no one has conceived but everyone will want. Using this gift, he has pioneered successful bottled-water businesses around the world. So why is he on the sidelines after being forced out of his last company?

By Michael Roney

Steve Nickolas wedged his six-foot, six-inch frame through the doorway of his Ford Bronco, stuck in mud on the massive green slopes of Maui's Haleakala volcano. It was January, 1980. He and his old high school buddy, Michael Beck, had driven to the mountain to build a self-sufficient home on a small property they owned there. Nickolas stared up through the mist at one of the island's famous rainbows floating overhead. It seemed that there was moisture everywhere, but his throat was aching dry—his thirst overpowering. A powerful Kona storm had blown through two days before, washing out the road and fouling the pastureland streams. Since then, the two friends had been stranded, sleeping in the truck with nothing to drink.

"I literally would have given my little finger for a bottle of water," Nickolas now remembers nearly 40 years later. That ordeal on the mountain triggered something deep in his consciousness, and from that day forward his destiny was set. Pure water would be his life's calling.

BEGINNINGS

Maui is a paradise in many ways, but back in the day its tap water was cloudy and not particularly good-tasting. So soon after the Haleakala misadventure, Nickolas and Beck seized opportunity and founded Hawaii's first bottled water business, The Water Man Co. They bought a couple of high-end fractional distillers and started making pure water in their kitchen. "That started everything. We would either sell you a distiller, which cost around \$700, or we would sell you a five-gallon bottle of water," Nickolas remembers.

Friends increasingly asked them, "Can we just get the water?" They hit \$1 million in revenue within 18 months, and then expanded to the Big Island, Kauai,

and beyond, bringing in \$2.5 million to \$3 million at the company's peak.

For his second act, Nickolas traveled extensively throughout the 1980s. From Egypt, Kenya and Nigeria to the Marshall Islands, Israel and the West Bank, he built at least 50 bottling plants around the world—some of them in less than 30 days, and often amid political instability and armed guards.

FROM APANI TO CUSTOM BRANDING

In 1991 Nickolas moved to Arizona just as the marketplace was heating up for bottled purified waters. Planning to go national, he started brainstorming new names for his company. "My consultant asked, 'Steve, what's going to make your water special?' A recent Jacques Cousteau documentary played in my head and I said, 'You know, there is no longer any pure water on the planet, but the water we make is *as pure as nature intended*.' He comes back to me and says 'APANI! It was the perfect acronym and name for the company.'

Shortly thereafter, Nickolas struck a deal with the San Francisco Giants for the very first custom label and sports branding ever for the water business. Eventually he was able to get a custom label license for all of major league baseball for \$5,000—very sweet indeed compared to today's deals, which can run into hundreds of millions of dollars—and eventually snapped up the NFL, NBA and NHL. In 1995, an investor took over Apani and Nickolas left his greatest business success yet, at its peak generating \$36 million in annual revenue. Coca-Cola eventually licensed the name, changed it to Dasani, and brought its full marketing muscle to bear.

Moving on, Nickolas pioneered custom-labeled water in Hollywood, where he signed up Disney, DreamWorks, Sony, Universal, Warner Brothers and Marvel Comics—a venture he called Bottled Water Images.

"I had 50 dead Hollywood celebrities that I could use, from the three stooges to Elvis Presley," he says. One year, Bottled Water Images generated over \$24 million in sales. From there, he took the custom label concept to businesses of all sizes, from small law firms to Las Vegas casinos, with thousands of labels produced overall.

TRUST AND BETRAYAL

In business and life, the individuals around you are hugely important. "If you don't have all of your assets, including your people, on the same page, disaster will follow," says Nickolas. And that is what happened with his most recent major bottled water venture.

In 2013, he partnered with a CPA located in his office building, Richard Wright, to found the Alkaline Water Company. They used a sophisticated electrolysis process to purify tap water and bring its pH up to 8.8, incorporating 84 trace materials Himalayan salt, then sold it as Alkaline 88. In the first year, the company booked revenue of \$600,000, which by 2016 had jumped to \$12 million in annual sales through 35,000 stores throughout all 50 states.

Nickolas assumed that he would remain at the helm of the company, capping his career by guiding it to market dominance. However, as time went on, his relationship with Wright rapidly turned sour. "Over the course of two years, Wright and one of his compadres systematically began to cut me out of the financial reporting systems," Nickolas says. "Brokers were not getting their commissions, contractors were not being paid on time, and vendor payments were being strung out well past their due dates." Then, on November 8, 2016, he was called into a board meeting and summarily booted out of the company. He was shocked and heartbroken, but on advice of counsel, packed up his office and left the premises.

A flurry of lawsuits shot back and forth for the next several months. The attorneys hauled in big bucks while Nickolas despaired over what he felt had been



Nickolas and The Water Man Co. crew, circa 1980.

taken from him. He and Alkaline 88 reached an initial settlement agreement in October 2017. However, Nickolas claims that his ex-partners aren't honoring its terms, so the lawyers probably will stay busy for the foreseeable future.

Although he is bitter about the entire episode, Nickolas remains philosophical. "It's all about trusting people. It is largely the people around you that help you accomplish your greatest goals. This was just the right project with the wrong group. The fact that I didn't see it sooner...well, I can live with that."

LOOKING AHEAD

Through all of the great successes and bitter betrayals, Steve Nickolas has followed his passion, applied his instincts and has turned ideas into groundbreaking businesses triumphs. And, despite more recent tribulations, he remains not just a battle-scared business guy, but a true believer, a diviner—forever faithful to the spiritual force that has guided him from Maui's rainbows to his pioneering successes. "Alkaline 88 is today by far the most healthful premium water on the market," he continues to insist. "But there will be something else down the road in another few years, and I hope to be part of that."

Read the full profile at www.StevenNickolas.com.
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