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A touch of class will always pay off

What the high-end market needs is a new generation of business graduates to shake up the world of luxury goods

**Widget Finn**

Fewer people are openly enjoying champagne this year or buying designer label clothes and life's little treats. In 2007 the luxury industry had a global turnover of £158 billion but in the present financial climate its fortunes hang in the balance.

Claudia D'Arpizio, a partner at Bain & Co, in Rome, believes that the sector could suffer a 2 per cent drop in growth this year. So it follows that the luxury sector is not a practical path to a career.

Or is it? The number of students doing the champagne industry elective of the MBA at Reims Management School has doubled this year to 63, while there are 30 students studying for an MBA in luxury goods and services at the International University of Monaco — a 20 per cent rise. At SDA Bocconi School of Management in Milan 150 students studying the business of fashion and their tutors are optimistic about the job prospects.

Luxury fashion is one of the most important industries in Italy, says Salvo Testa, leader of fashion, luxury and lifestyle at Bocconi. "It is affected by the economic situation but this period is an opportunity to make changes that will aid its recovery."

He defends the need for a specialised MBA for the fashion sector. "The rules of this business are unique and you have to understand the logic to be accepted inside a company. There is often an uneasy relationship between management, economics and creativity. The complexity of the distribution strategy worldwide makes marketing difficult to understand."

Testa argues that in the past management has been less sophisticated than in other industries, with a model anchored to haute couture. He adds: "We encourage our students to reflect on new strategies and issues such as ethics, respect for the environment and the methods of manufacture."

Meanwhile, the wine industry has undergone substantial structural change over a decade because wine production is now higher than consumption, according to Steve Charters, professor of champagne management at Reims.

"Sales of champagne go down in every recession but I am confident that within five years the champagne industry will rebound and there will be new jobs for people who have the management skills to reorganise the industry," he predicts.

Why has there been a rise in applications for the course despite a downturn in the luxury market? Charters points out that wine is still an important French export. "Champagne management is only a third of the course but it is attractive to students going into the luxury sector who can say that they have attended lectures by Remi Krug \ about the champagne market."

Laurent Reinteu is business development director for Veuve Clicquot. With a background as an engineer and a current career in sales, he wanted to add to his skills. He enrolled on the Reims Management School's MBA and found the corporate finance section of the programme most useful for his role.

While admitting that "champagne implies celebration — not something people feel like doing just now", he believes that the industry needs people with solid business skills for the future. "It is an attractive, fun industry full of people who are passionate about their product," he says.

Luxury companies are in "wait and see" mode, says Sandrine Ricard, director of the luxury goods and services programme at Monaco. She adds that "excessive wealth among undiscerning customers" had led to an increase in bling rather than demand for quality and craftsmanship."

Ricard welcomes the opportunity for a new generation of MBA graduates to shake up the industry and restore true luxury.

"Traditionally luxury goods companies were family run and often lacking in management skills. Now the sector is super-competitive and truly global, needing top managers who understand what luxury is but also have the global perspective to approach new markets that will emerge when the world economy picks up."

Designer label course was tailor-made

Jean-Charles de Valensart, left, worked in the clothing industry in Spain, China and Belgium before completing a luxury sector MBA at the International University of Monaco last year.

"The luxury world is very specialised, it has its own codes that you need to understand," he says. "You cannot manage it like basic products, so a specialist MBA is invaluable."

During the full-time programme he had an alumnus mentor, who had started a business in Monaco in the cashmere clothing industry. De Valensart says: "We met twice a month and discussed how he was growing the business worldwide. I learnt the importance of maintaining quality in growth. He put great emphasis on the image of his product in stores, which is useful to me in my current role."

Last October de Valensart joined a business in Luxembourg, which has 18 shops, and is launching new stores selling high-end brands, including Yves St Laurent and Armani. His tutor at Monaco secured him an internship at Armani in Milan.

He says: "The luxury sector is very competitive. Managers who know and understand how it works and have the right skills will be in demand."