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Material world

By Elizabeth Paton



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Unique combination: managers in the luxury sector need to be design savvy and commercially aware

From fine wines and fast cars, to handbags and haute couture, insatiable consumer demand for luxury goods means that business is booming for the €185bn industry. As a result, specialist executive programmes that train managers for the sector are also on the rise, with several high-profile launches in recent years.

The trend is not exclusive to international business schools, with companies and art colleges following suit. LVMH House is a London education institute founded by the luxury goods giant to develop internal networks and initiatives between its global management teams. London College of Fashion has announced its first EMBA will start in September 2012, enabling individuals in the fashion industry to broaden their previous experience in design, buying and public relations into senior management roles.

A single factor is driving the surge: luxury executives need unique skills, one of which is the ability to negotiate clear communication lines between the disparate divisions in a luxury company; a successful interface between creative and commercial teams is

essential.

Ketty Maisonrouge, a Columbia Business School marketing professor and president of the Luxury Education Foundation, says the biggest problem for luxury companies is a breakdown in understanding between executives and designers. “It’s imperative that the two groups are able to speak the same professional language,” she says.

The design and marketing of luxury products is a joint course for students of the Columbia MBA programme and Parsons School of Design in New York. The class encourages integration between the two disciplines, with students working together on projects for the world’s biggest brands. This year, tasks included a glossy Gucci perfume relaunch, a flagship store redesign for Louis Vuitton and an advertising campaign for Miu Miu.

“We mould students into bilingual professionals while they are still in school, making them well equipped to transform creativity into profitability when they reach the working world,” says Prof Maisonrouge.

The quality of an alumni network offers another big draw, according to Anne Michaut, coordinator of the luxury strategy certificate at HEC Paris. Many former HEC students work within the French luxury sector, notably François Pinault, chief executive of PPR, the fashion and retail group, and are keen to invest in a programme honing the next generation of market leaders.

“Luxury companies are often looking for a specific skill set from applicants and are not always able to find it, even in the top schools,” says Prof Michaut.

“Students have to understand the symbolic value of luxury goods, as well as commercial underpinnings such as logistics, manufacturing and supply chain management. We created the certificate because we saw a need to cover both the philosophical and financial requirements of luxury in one course.”

HEC marketing research is respected worldwide and the school topped the FT ranking of European business schools in December.

“What instantly drew me to HEC was the calibre of the teaching professors,” says Ashton Crosby, a recent graduate now working as a mergers and acquisitions associate in the retail and consumer division of Nomura, the Japanese broker. “To develop relationships with these figures, alongside leading lights of the luxury business, was an invaluable part of my MBA experience.”

Luxury-management electives are a speciality of European business schools, and many attribute this to their location in the homelands of the industry.

SDA Bocconi launched a luxury-business management track in collaboration with Bulgari, the Italian jewellery maker, last February – the first partnership of its kind in the school's history. Lessons for this track are taught by Bulgari executives at the company's Rome headquarters, while Bocconi staff teach the remaining modules at the school's Milan campus.

“Italy is arguably the world's leading luxury hub, so the input and experience gained by students from exposure to our national businesses through mentors, seminars and internships gives an unparalleled advantage,” says Gianmario Verona, Bocconi's MBA course director, who adds that the elective's 14 places are already heavily oversubscribed.

“Its popularity is unsurprising. The luxury industry has not only endured the global downturn but performed remarkably, reaping huge profits in exciting emerging markets. This makes it an appealing field for savvy young executives.”

Despite tremendous demand, Prof Verona says the school is unlikely to extend course capacity.

“Luxury is a small sector with few jobs becoming available each year. Two hundred participants an intake would be unrealistic, given the scarcity of management positions, although this could change as companies expand in new environments.”

Other programmes cater for those already in employment. The Berlin School of Creative Leadership offers a flexible MBA, designed to accommodate the schedules of professionals who are well beyond entry level. The course claims to combat the “glass ceiling” that often exists for creatives who want to enter boardrooms.

“Many creatives rise through the ranks, having done a lot of grunt work with a design orientation at the outset of their careers,” says Clark Parsons, the school's managing director. “They receive little commercial training and, when nearing the top of their company hierarchy, often don't have the confidence or know-how to convince bosses that they have what it takes to be promoted to the top.”

The programme helps students to use existing skills with a commercially driven focus. Classes take place in Berlin, Shanghai and Los Angeles, taught by professors and chief executives from multinational brands.

A niche course for a niche sector may seem risky, given the hefty fees incurred when pursuing a business management degree. Yet students at the Berlin school disagree.

“Time is a precious asset in the modern professional's world,” says Karen Cesar, a Brazilian Berlin graduate now running her own design agency with high-profile fashion brands

amongst her clients.

“A focused MBA, particularly for someone working in the luxury sector, is the best way to avoid wasting time and build on what we’ve already seen in the earlier stages of our career.”

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