

## Surviving the first 10 years



Opposite: Greubel Forsey's first watch, the Double Tourbillon 30° was unveiled at Baselworld in 2004. Left: Stephen Forsey, the company's co-founder with Robert Greubel.

Below: Edouard Meylan, manager of H. Moser & Co. since its takeover by the family-owned holding company, MELB. The Endeavour Dual Time model was the new team's first creation.

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*"Stephen, why aren't you dead?"* The question made Stephen Forsey laugh, despite his years of experience at being interviewed. But beneath its tragicomic appearance, the question to the co-founder of Greubel Forsey is serious. Statistically the brand had little chance of making it to its 10th anniversary, which it has nonetheless just celebrated, just like the Ateliers Louis Moinet, Hautlence, Pierre DeRoche or – give or take a candle or two – H. Moser & Cie.

Why is their success so remarkable? Because from the start, they have piled up the points that usually sink young brands: being 100% independent, having a strong concept, adopting a sometimes disruptive approach to watchmaking, charging outrageous prices as well as suffering a crisis right in the middle of their formative years (2007-2009) that would have annihilated even the strongest. One cannot but conclude that these start-ups are survivors of the first order.

**Different ideas, different methods.** However, these youthful watch firms differ vastly from each other. The methods they have used to get through the decade are completely dissimilar. Some were

Pierre and Carole Dubois could rely on the family-owned manufacturers, Dubois Dépraz, to launch their Pierre DeRoche brand. Their first model introduced in Basel in 2005 was the Split Rock concentric chronograph.



created from scratch, while others adopted a name, a dormant heritage, or else enjoy the benefit of family skills.

“When you re-launch a brand,” says Edouard Meylan, CEO of H. Moser & Cie, “you are bound up with its heritage. You don’t have the same freedom that you do when simply creating something new. While you might have the exhilarating feeling of procuring a certain legitimacy, this is obviously not so. Customers are not fools. You need to put in a lot of effort.”

Not all such efforts follow the same path. Stephen Forsey, Robert Greubel and Jean-Marie Schaller (Ateliers Louis Moinet) are industrious workers par excellence – men who plough their watchmaking soil patiently and methodically to plant the seeds of sustainable growth. The approach is eminently creative: highly technical in the case of Greubel Forsey, and historical for Louis Moinet. Meanwhile, Pierre Dubois (Pierre DeRoche) relies on the family-owned industrial facility, the high-performance Dubois Dépraz company.

Jean-Marie Schaller is discreet by nature. The man at the helm of the Ateliers Louis Moinet is a clever strategist. He moves his pawns on the watchmakers’ chessboard with formidable effectiveness – to

the point that some people even talk about the “Schaller method”.

Schaller believes that mind-set is key. “It is important not to confuse passion with ego, and to remain positive, humble and authentic no matter what.” When told that this is an unusual attitude for the head of a brand, the CEO is quick to respond: “I’m not the boss, Louis is.”

**The same market realities.** Be that as it may, irrespective of the managerial approach, market reality is the same for everyone. Pierre DeRoche experiences it every day. “The Indian market was one of our objectives, but we have had to put it on hold,” says marketing manager, Carole Dubois. “We are a niche brand serving a highly specific customer base that can only be reached through substantial investments. The United States will also be delayed a bit. We have had some bad experiences and today we have decided to work directly with retailers.”

In short, even with solid industrial foundations, everyone has to find their way through the same distribution bottleneck and does so with varying degrees of ease or difficulty. The last mile leading



Georges-Henri Meylan, the saviour of Hautlence – an anagram of Neuchâtel – and Guillaume Tetu, who founded the brand with Renaud de Retz. Its first model, HL04, features a proprietary movement with jumping hours, retrograde minutes and progressive seconds.

to the end customer is the hardest, even if a brand has built a highway to make it that far.

Another profile, another brand, another approach: Edouard Meylan gets his methods from the prestigious business schools of which he is a graduate. “You have to focus on the bottom line: profitability,” he emphasises. “We are in an industry that can swallow millions without bringing in a cent if you’re not careful.”

In the case of Moser, the re-launch was partially achieved by the preceding team, but who were unable to take things to the next level and achieve the eagerly anticipated break-even. “It’s always easier to come after someone and point out their mistakes,” concedes Edouard Meylan. “But the exercise remains the same: to set a limit and decide how much one is prepared to invest. Because in this sector, you often have the impression that there is light at the end of the tunnel and that with one last push you will get there. But that is just an illusion.”

**Watchmaking illusions.** Guillaume Tetu has seen this illusion up close. In the middle of its short life, Hautlence went into an unexpected tailspin. Stocks increased, orders stagnated, and the company struggled to convince new clients.

“We decided to buy back our stock so as not to flood our network,” Guillaume Tetu recalls. “In a big group, the accounting operation can go unnoticed. You pick up the pieces, you destock elsewhere and you tell anyone who cares to listen that you have got through the crisis without a problem. In our case, it put us in the red and that attracted attention. So we had to negotiate with our suppliers so that they would accept to put their invoices on hold for a year. Without them, we would no longer be here.”

This just prevented Hautlence from sinking. MELB Holding, which belongs to the Meylan family, subsequently got it going again.

However, such a case of *deus ex machina* remains a rarity. Under the guise of helping brands get off the ground again or survive a difficult moment, some predatory or ill-advised acquisitions have sunk more than one gem in the Swiss watch industry crown. One example that particularly comes to mind is the takeover of Glashütte Original by France Ebauche, a particular shaky deal that did not last six months.

Avoiding squalls sometimes means opting to navigate on other oceans. Such is the case for Greubel Forsey, which cast itself adrift in a niche market.

Jean-Marie Schaller received on behalf of his Louis Moinet company an award seldom given to a watch brand at the Palais de Chaillot in Paris. The Olympia chronograph, launched in 2004 was fitted with a 1970s manually wound Lémania 1873 calibre. It was produced in three versions of 25 watches each.



This very expensive brand with a production of just 100 watches a year refused to bind itself to any particular business objective. “We were very lucky from the beginning,” admits Stephen Forsey. “We came on the market just when collectors were looking for something different. I don’t know what would have happened if we had started in 2008 in the middle of the crisis. You’d have to ask an economist!”

Edouard Meylan asked himself a lot of questions when Moser was taken over. He draws the conclusion that only a solid preparatory study made his brand viable, even if it is not yet profitable. “The first question you must ask yourself is whether the market needs you,” he recalls. Stephen Forsey intervenes: “In our case, the response was definitely not!” He recollects that the first inclined tourbillons had price tags hovering around half a million Swiss francs.

**Reinstating a forgotten inventor.** Jean-Marie Schaller for his part neatly sidesteps the subject. He compares Louis Moinet to a sort of French da Vinci – a born inventor, a man well versed in art, literature and technologies whose legacy has been

mostly grossly under-estimated. The recent discovery of the first ever chronograph (1816), a *compteur de tierces* signed by the master’s hand, appears to prove him right. The sustainability of the Ateliers that he founded in 2004 confirms the viability of his approach. And a few weeks ago, at the UNESCO headquarters in Paris, the brand was awarded the “Merit for Development” in watchmaking arts and technologies by the International Institute for Promotion and Prestige (IIPP). This distinction rewards the international rehabilitation of Louis Moinet as one of history’s great inventors. Does this mean that the initial business plan also followed this line? “Any business plan would have buried the brand,” states Jean-Marie Schaller. “I don’t even remember us making one,” emphasises Stephen Forsey, who was just 32 years old when he started the research and development on his first watch.

Work and more work, intuition and a little luck – such is the unlikely cocktail that has got these various brands through the decade.

Jean-Marie Schaller goes so far as to say that it’s a matter of “regarding work as a hobby.” You won’t find that in business management manuals. ●