
Luxury's Veteran Leader



By Shellie Karabell, Editor-in-Chief

**First CEO of Gucci, now Chairman of Tom Ford International.
Domenico De Sole has an eye for style, stores and the bottom line.**

We size each other up a bit, Domenico De Sole and I, in the lobby of his central London hotel, to see how much we may have changed in the dozen or so years since the “Handbag Wars” in which Gucci – under the leadership of De Sole – fought to stay out of the clutches of LVMH – under the leadership of Bernard Arnaud.

That two-year battle ended September 10, 2011, when PPR and LVMH signed a deal in which PPR (which had essentially taken over Gucci in a white knight manoeuvre orchestrated by De Sole himself, showing his Harvard Law School-corporate lawyer roots) agreed to buy LVMH’s stake in Gucci two years out for the closing market price. That was the day before two hijacked planes toppled the World Trade Towers in Manhattan and the world changed. Shares of luxury goods companies crashed but Gucci was still stuck with paying the higher price for LVMH shares.

Now, as if nine years in the high-powered world of luxury wasn't enough - a stint that included taking Gucci from near-bankruptcy, with everything from tax evasion to murder in its murky past, to the keystone of the PPR luxury group - De Sole is back at it as chairman of Tom Ford International.

"Tom and I left for the U.S. on the same day," he reminisces. "May 1, 2004. It was a difficult moment for me and I know it was a difficult moment for Tom Ford."

"I don't play golf"

The Rome native and his American-born wife Eleanore decamped to the Sea Pines Resort in Hilton Head, North Carolina - a haven overlooking the sea with nearly two dozen golf courses. Since 2005, one room has served as De Sole's global headquarters. The man doesn't play golf. Retirement was no more than a pit stop.

"I went to visit Tom at his beautiful ranch in Santa Fe (New Mexico) just a social visit, no business purpose. He was about to make a movie ("A Single Man") and he said he wanted to go back into business. So my advice to him was it had to be done pretty quickly. We agreed and went back into business together... and my retirement was postponed."

Once the decision was made, things moved fast: start-up money came from their own pockets; makeup and eyewear licensing agreements with Estee Lauder and the Marcolin Group, respectively, were signed in 2005. The products themselves were launched the next year, and in April 2007 the first collection was presented at the first store, in New York, for men. De Sole himself is decked out in it: suit, shirt, tie... Women's clothing was launched in September 2010.

It's that timing thing again: 2007 was not the best year to launch a business, even with an internationally known name. "It was a difficult time, you know - '08, '09, part of 2010, but we moved along and felt very proud of the progress the brand has made."

That progress comes about as the artful manipulation of expansion and cost control, of licensing and keeping a close eye on details. Tom Ford International has 20 stores, seven of which have opened in the past 12 months or so, plus a flagship store in London which opened this autumn. Besides the U.S. and Milan, there are stores in China, Japan, Korea and Hong Kong.

The Store's the Thing

Stores are De Sole's weakness. "We do invest in beautiful stores because it's part of the approach to the brand – to be a leading luxury brand." All the stores now feature both men's and women's clothes. Distribution is tightly controlled. "Its very limited distribution," says De Sole. "Outside of our own stores, to give you an idea, in the U.S. we sell only to Bergdorf Goodman and selected department stores. Tom is an amazing perfectionist and he approves everything."

And who is the customer at whom all this perfection is aimed? "Our clients tend to be people who really seem to enjoy a high quality, a very beautiful product, willing to obviously pay an appropriate price for the product." That price is upwards of US\$100 for a 4-colour eye shadow palette, or around US\$1200 for a pair of perfectly cut black gabardine slacks.

"Most importantly there's one big piece that I think I've noticed at this level, and that's quality of service. The expectation of service is very, very high. If a suit is not perfectly made, we hear back very quickly."

The customers demanding perfection and high levels of service are not the same as De Sole's Gucci days. "In the '90s remember the strongest part of the market was Japan, not just in Japan but also by the Japanese travelling abroad," he remembers. "What has really changed today is the emergence of China – and Asia in general, led by China. Not only have we seen the strength and the growth of the business within China but also the buying power that Chinese have travelling abroad."

Still, there's that slowdown in the Chinese economy everyone is worried about. "I'm actually optimistic," De Sole says, referring to China and the outlook for luxury in the coming year. "There is a slowdown in China, but from everything I hear and everything I see – we have stores there – things are picking up. I think the economy is recovering in the United States. The consumption of luxury goods in the U.S. in the last couple of years has been quite good. Europe went through a very difficult period and hopefully things will improve. Historically, European luxury stores became propelled to success by a lot of 'visitors'. In the '90s Japanese visitors, now Chinese, Asian, new countries emerging – a lot of Brazilian customers. I really do believe this is very helpful to the luxury industry."

Dom and Tom

De Sole's connection to Tom Ford – the man – goes back a long time, to the early days at Gucci when De Sole gave moral support to the young designer in tumultuous days, propelling him to prominence during the Gucci power struggle – PPR years, 1999-2004.

“We have great respect for each other and we love to work together,” De Sole says of the pair, known in the industry as “Dom and Tom”. He continues, “I think having a good balance of business and creative is very important. I do have a very clear distinction in my mind between business and creativity. You do need to be very creative to do certain things and learn about the business. On the other hand, having a creative force is a gift of nature, which is something very, very special and unique.

“To give you an example, I obviously have a very good sense for the business; I have a very good sense for stores. I also have a very good sense of a collection – whether a collection is good or bad, how successful the collection would be eventually in the stores... But it's one thing to have that kind of sense, which is good, another to be creative. I can certainly look at a collection, be critical and have a great understanding of what the collection is all about, but then if somebody said ‘OK, you don't like it, you do it,’ I really wouldn't know where to start.”

And what's next for this erstwhile retiree who doesn't (yet?) play golf? “I really love what I'm doing. It's an exciting business. I do a lot of travelling and sometimes I feel tired but people tell me that working hard keeps you young, so I take their advice and I've no other plan than to just keep working.”

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