

# BACK TO THE FUTURE

*With Corum's acquisition by China Haidian Holdings, CEO Antonio Calce is excited about the good times ahead, including in India*

BY AISHWARYA SATI

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wo hands atop a linear movement, visible through a sapphire crystal case. These are the only elements you will see on the dial of this watch. The idea sounds simple and that was Vincent Calabrese's intention when he designed the prototype of the linear or baguette movement in 1977, known as the Golden Bridge today.

Inspired by the drawings in horology textbooks, in which components are arranged in a straight line, Calabrese was fascinated by the idea of turning around the regular 'round' movement and setting it straight, resembling a baguette—a long loaf of French bread.

Achieving this feat was certainly not easy, as there were many technical constraints. There was little room to work

with, forcing him to redesign the winding and setting mechanisms, and reducing many traditional movement parts.

Calabrese's design was patented and it won a gold medal at the International Exhibition of Inventions in Geneva. Yet, he struggled to find manufacturers, as most of them found the idea absurd.

Then came entrepreneur René Bannwart, who established Omega's first creative design department before founding Corum in 1955 along with his uncle Gaston Ries. He realised the idea's potential and agreed to fund the project. Bannwart set up a factory at La Chaux-de-Fonds, and the first Golden Bridge, with its delicately hand-engraved baguette movement, was presented in 1980—Corum's 25th anniversary.

This pathbreaking timepiece enabled Corum to zealously foray into the world of serious watchmaking, as it became imperative for the brand to incorporate specialised skills for producing larger volumes of the movement.

Meanwhile, other notable collections—Admiral's Cup, Romulus and Artisans—also were rolled out subsequently. Today, these four collections form the '4 Fundamental Pillars' of Corum, as they have been inspiring new references.

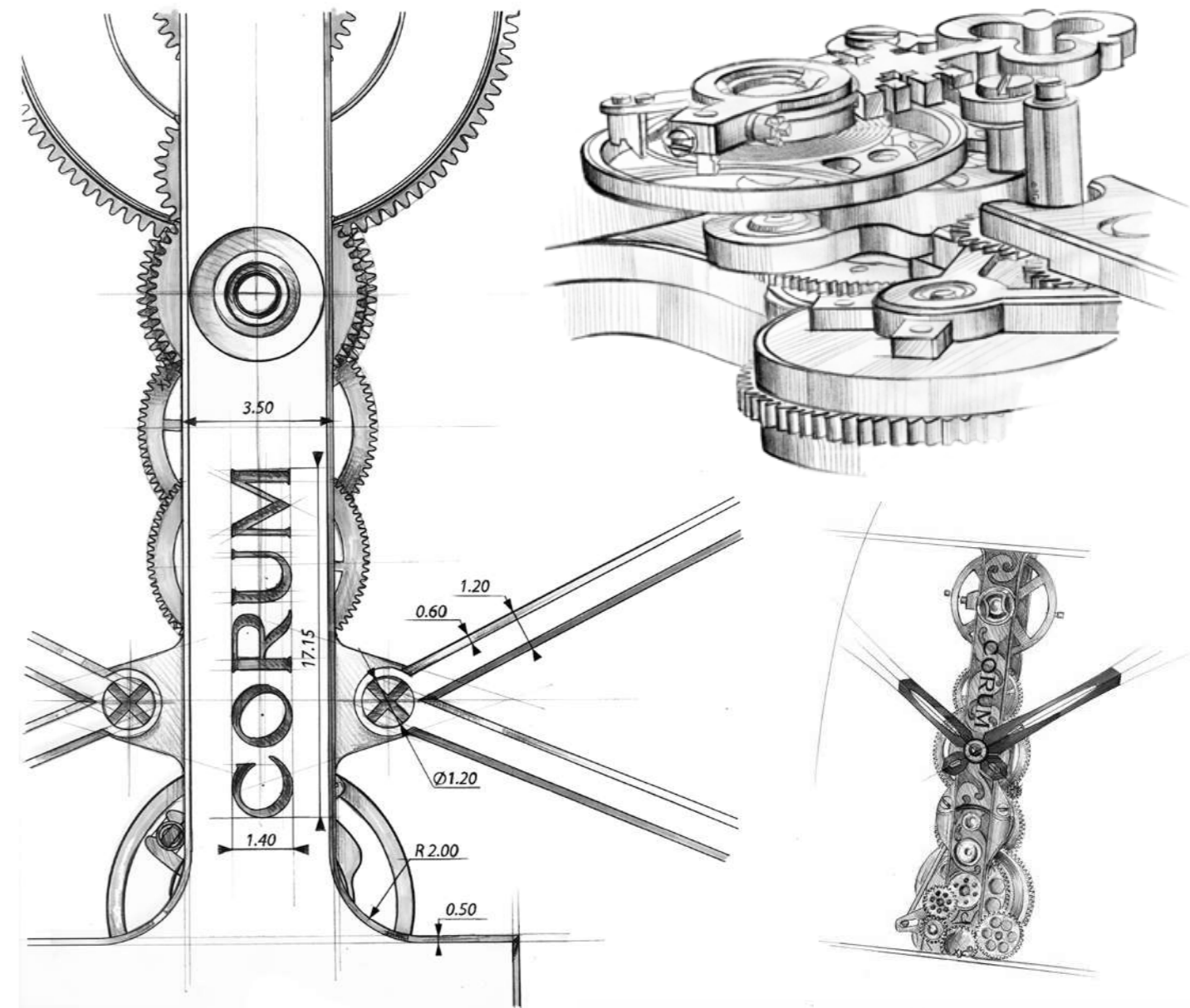
Last year at Baselworld, one of the most talked about announcements was Corum's acquisition by China Haidian Holdings Limited for CHF 86 million. In 2011, the Hong Kong-listed company had bought Swiss watch brand Eterna, associated with developing the ETA movement, for about CHF 10 million. It also owns two of the top four domestic Chinese brands (Ebohr and Rossini), and has the licence to manufacture and distribute Porsche Design watches globally.

Among watch enthusiasts, the acquisition hinted at a crisis crippling Corum. WatchTime India travelled to the manufacture, nestled in La Chaux-de-Fonds, to speak to Antonio Calce, the man at the helm of affairs, and get an inside view of the practices at Corum.

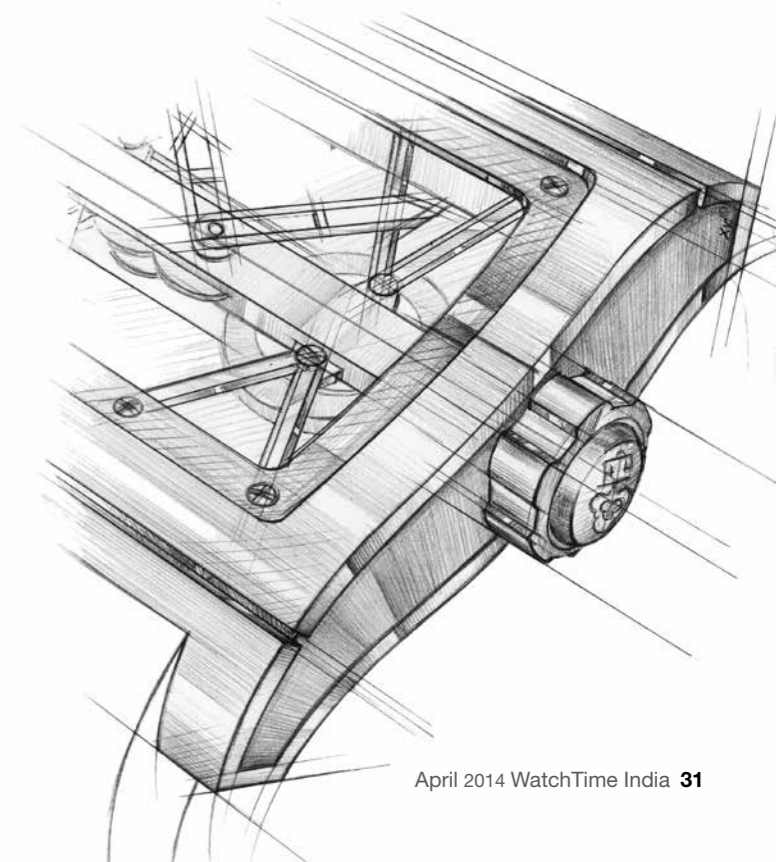
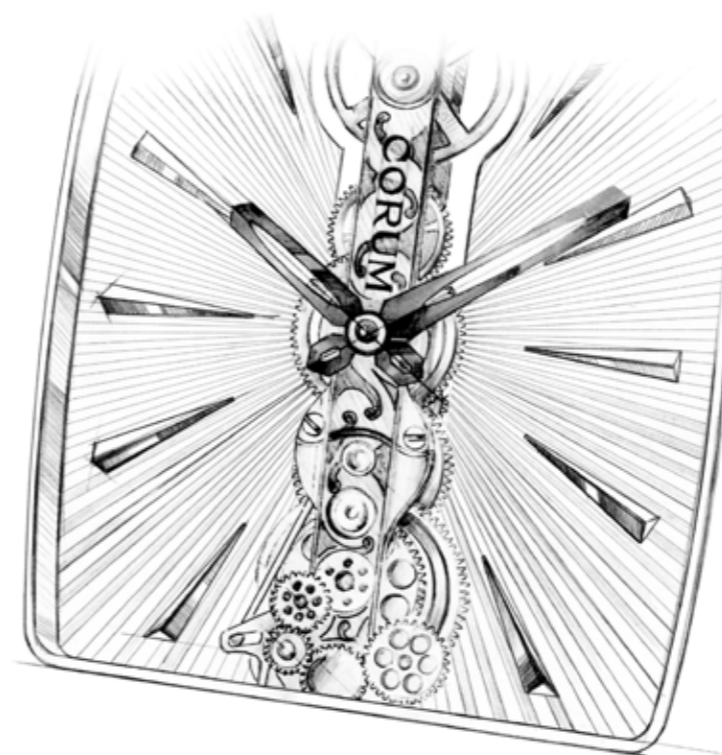
The 30-minute drive from Neuchâtel train station to the unit is delightful, with the Alps in the horizon. The two-storey facility, which employs about 120 people, is all glass with stone grey walls and wooden floors and stairs.

The entrance leads towards the Corum Museum, where one can witness all the collections in the brand's repertoire. A few years ago, there was a break-in and some of the original models were whisked away, so they had to be replaced.

Next, we head to the assembly line



Corum's Golden Bridge baguette movement is delicately hand-engraved (below); design sketches of the Golden Bridge and Ti-Bridge (opposite page)





*The first Admiral's Cup watch was launched in 1960*



*Corum's manufacture at La Chaux-de-Fonds, Switzerland*

and, of course, to meet the brand's CEO, Antonio Calce, who began his journey in the watch industry with Richemont Group. Before that, he was with a small movement components manufacturing unit in Switzerland.

Calce is an Italian who was born in Neuchâtel. He studied engineering, and that explains his love for watches.

In 1993, he joined Piaget, where he was in-charge of the technical department and logistics. Four years later, he joined Panerai, when Richemont Group had just taken the brand under its wing, and was made general manager in 2001.

Calce joined Corum in 2005. It was a real game-changer, he says. Back then, the brand was grappling with the after-effects of the quartz crisis, which hit

the watchmaking industry in the early 1970s. The company, like many others, was forced to shift its focus towards fashion products.

"Severin Wunderman, who took over as owner and CEO in 2000, was involved with fashion brand Gucci for a long time, and had made it a success. But Corum being a high-end brand demanded a different strategy altogether," says Calce. "Wunderman tried to reinvent the brand, but found it difficult. And it was on his insistence that I took up the challenge to give Corum a new lease of life."

Calce did away with production of all quartz watches, which were deviations from the manufacture's real strength of mechanical watchmaking. "Due to large production volumes of

quartz watches, there were about 1,500 points of sale that had become unmanageable," recalls Calce. "I started out by revamping the organisation, marketing and product strategy of the company. Now, the focus is only on mechanical watches, which is Corum's forte as evident from our past. Also, there is a new distribution system and we have reduced the points of sale to 500 across 80 countries to help maintain our exclusivity and brand positioning."

According to Calce, Corum's acquisition by China Haidian Holdings was inevitable. "In 2008, when Wunderman passed away, it was important for us to have a strong, long-term partner, as Corum was an independent brand competing with companies affiliated to powerful groups in the watch industry,"



*A watchmaker assembles the Ti-Bridge watch (left); engraving on the caseback of an Admiral's Cup model (above)*



*An inside-view of Corum's assembly line*

## CORUM'S ACQUISITION BY CHINA HAIDIAN IS ALSO IMPERATIVE IN MAKING CORUM SELF-RELIANT AFTER THE SWATCH GROUP DECIDED TO CUT OFF SUPPLIES.

he says. "Wunderman's foundation was unwilling to invest long-term, which left us struggling for funds. It takes time to create your worth and becomes tough when there is no serious financial backing. The 2009-2012 period was tough not only for us but also the entire economy, which was reeling under recession. But we continued investing, as we did not want to lose credibility."

Calce sees the acquisition as a positive move for Corum and allays doubts about compromising on the brand's

independence and Swiss-made credentials. He, in fact, has a personal stake in the partnership, which helps Corum retain its position in terms of managerial decisions.

"Finally, I am focused on business and do not have to fight for finances. Having a reliable, long-term partner helps because I don't have to negotiate with the banks any longer," he says. "Also, the Haidian group owner, Hon Kwok Lung, has a strong network in China with about 2,000 points of sale.

This will improve our chances because he has some very good connections in the Asian market for luxury goods."

**THIS ACQUISITION IS** also imperative in making Corum self-reliant after the Swatch Group decided to cut off supplies. "It is important to secure your business and build up on the brand's credibility because in the past 10 years, there has been a big evolution in the watch industry," notes Calce. "And even though the Swatch Group decided to stop selling movements to other companies, I don't think it is bad news. It will only help brands to become more independent by improving their products and manufacturing new movements. Just like the Bridge collection, which is completely Swatch-free. I think it is a very good move for the watch industry."

Calce says group leaders have to be passionate about their brands and tide over temporary setbacks. Though 2012 was not a great year for Corum due to instability issues, it did not crush his spirit. "When you launch and develop a brand, you cannot be disappointed if things do not go well for a few years," he says. "I have always thought of at least 10 years ahead, as long-term goals are crucial when such high stakes

are involved."

Calce's gamble seems to have paid off as Corum's business has improved ever since China Haidian took over in 2013.

**THE ASSEMBLY LINE** in La Chaux-de-Fonds has about 35 people and it is here that the two most important collections are put together—the Golden Bridge, a highly exclusive range with just 1,500 units a year, and the Admiral's Cup, Corum's largest collection with about 10,000 pieces manufactured a year.

The basic Golden Bridge movement, which is made of 120 components, costs about CHF 2,800. All the watches produced at the maison are mechanical and handcrafted.

Calce recalls an interesting episode highlighting the fact: "A Japanese customer once called up to say that the digit '6' was placed twice on the bezel of his Romylv's timepiece. We immediately agreed to exchange the piece, but he decided against it, saying it was proof that the watch was handmade!"

There are three main stages at the production unit. The first is the Quality Control Room, which is further divided into T0, where the pre-assembly of some movements takes place, and

T1, where the movements are built from scratch. The components are checked for quality and approved after they pass through about 6,500 stringent measurement controls here.

Calce clearly wants the product to be the talking point. "We have to be very creative and different because there is stiff competition in our industry," he says. "One needs to give a product which is unique and has no competition from others, like the Golden Bridge. And to monitor consistency, Corum works with about 20 regular suppliers, within the 50km radius of this watch-making region."



*The Golden Bridge Tourbillon Panoramique, launched in 2012, has a flying tourbillon*

*The Romulus can be easily distinguished by the Roman numerals on the bezel instead of the dial*



*The Ti-Bridge Ceramic for women was launched last year at Baselworld*



The next stage is where these components go to the watchmakers, who develop the movements. Eight highly-skilled workers are hired based on their experience for the task. Sometimes, they have to go through a day's testing before being taken on board.

All watchmakers have to put their watches to test for 24 hours after fully-winding them, to note their functioning under different environments. Each movement is given a serial number and after clearing the precision tests, they move to the third stage T2. Here, 12 workers pack the movements into into cases.

The Golden Bridges, priced at about CHF 17,000, are cased in specially controlled conditions to minimise dust par-

ticles, as one has to be highly cautious with the transparent cases.

The watches are then tested for air-pressure, water-resistance, gravitational effects. The automatic watches are put on a rotor to check for the self-winding function. Interestingly, all the equipment used are customised for Corum and no other watches can be placed in them.

Finally, when all the checks are completed the bracelets/straps are attached to the watches, which are sent back to the Quality Control Room.

As the CEO, one would expect him to be only concerned with managerial aspects, but Calce takes a keen interest in all the verticals of the company. In fact, in 2009, it was only at his behest



*The Coin Watch, set in an authentic \$20 Double Eagle gold coin, uses an ultra-flat movement*

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ANTONIO CALCE

that Corum launched the Ti-Bridge collection, his baby.

“Ti-Bridge is more contemporary in design and takes inspiration from the Golden Bridge, which is a classic,” says Calce. “But, both the watches are for different end consumers and exclusive in their own right. It shows our versatility as a brand.”

The Ti-Bridge consists of 140 parts and about 2,500 units are made annu-

ally. Last year, Corum presented the Ti-Bridge Lady at Baselworld, indicating that the brand takes its female customers seriously.

“We are not a mass brand for ladies where we produce smaller versions of men's watches for selling to the women,” says Calce. “Our ladies' watches are special just like our consumers, and they form 20-25 per cent of our turnover.”



**IN TERMS OF BUSINESS** last year for Corum, Calce is quite chuffed. “I am not disappointed with 2013 because if you look at the records for the Swiss watch exports, it has not really been a big year due to the slowdown in the Chinese market that set in the last quarter of 2012, where the total value of exports was CHF 21.4 billion,” he says. “I cannot give out figures, but if I evaluate the last six months of 2013 and 2012, there is a marked difference of over 5 per cent rise in sales.”

Another highlight for the brand is the expansion of distribution channels. “We opened subsidiaries in Russia, India and the US, where we restructured the entire management,” says Calce, noting that 2013 was an interesting year in terms of achieving a maturity level for Corum across the globe.

He is delighted that the brand is shaping up well in the Indian market and is planning to expand operations

**IN INDIA, CALCE IS HOPEFUL OF SEEING A GROWTH OF MORE THAN 12 PER CENT IN 2014 AS COMPARED TO LAST YEAR, DESPITE THE SET UP BEING MINIMAL.**

here. The Admiral's Cup Legend 42mm (two-tone in steel and gold) priced at about ₹26 lakh is one of Corum's top sellers in India.

“The Indian market is different from the Chinese, in terms of the processes,” says Calce. “We started only five years ago, but the results are getting better each year. I personally want to invest in the Indian market, even though it is not at a very mature stage as of now, because there will be a lot of interesting opportunities in terms of evolution.”

Calce is hopeful of seeing a growth

of more than 12 per cent in 2014 as compared to last year, despite the set up being minimal in India. For now, he plans to focus only on Delhi and Mumbai. “I think we are lucky to have strong partners and retailers in India, and our products suit the consumers' sensibilities, so that gives us a lot of confidence,” he says.

Calce plans to continue the surge, and focus is the key word in his strategy. This includes consolidating the existing distribution channels, introducing new products, and fortifying the marketing and communication systems. ○

*The Romulus Billionaire Tourbillon is an integral part of Corum's Artisans range*

