Decisive week ahead for Lacroix

PARIS, FRANCE: Next week will be decisive for the future of the Christian Lacroix fashion house, in administration since early June, as the deadline for potential buyers to submit their offers expired on Monday, 27 July 2009.

The court-appointed administrator Regis Valliot has received several expressions of interest in the label, including one from the consultancy group Bernard Krief Consulting (BKC), his office said.

Aside from BKC, two other potential buyers have shown an interest, "one of them a supplier," Guillaume Martin from the consultants Meric et Associes appointed by the Christian Lacroix works committee told *AFP*.

Created in 1987 with the backing of the global luxury leader LVMH, which sold the house to the US duty free giant Falic in 2005, the house of Lacroix made a loss of 10 million euros (14 million dollars) last year on sales of 30 million euros.

Under the company restructuring plan, 112 of its 125 employees will lose their jobs.

The works committee is scheduled to meet again on Tuesday afternoon.

At its last meeting on Wednesday, it heard the conclusions of the Meric consultancy group.

The experts recommended an upmarket ready-to-wear line instead of the existing luxury one to run alongside the house's haute couture. Collections should be timeless, less identifiable with any particular season, and distribution refocused on a limited number of markets.

"Haute couture loses money, it is the brand's advertising budget," Martin explained. "Unless you have products with a sound commercial success behind it, you will never absorb the cost and turn a profit on your creative investment."

He said costs at Lacroix had "run out of control" and needed to be cut "quite drastically" to bring down losses. In this scenario it would make sense to create an upmarket line.

The house should "not go off in all directions" but recapitalise on its strengths and the position it already holds in certain markets, he said.

He said the house could also appeal to the government for help given its contribution to France's cultural legacy and expressed surprise and disappointment that no other big luxury group, like LVMH's arch rival PPR which owns Gucci, Yves Saint Laurent and Balenciaga, or Hermes, had not shown any interest in taking over Lacroix.

The designer himself lunched on Friday with Culture Minister Frederic Mitterrand but nothing has leaked on what they discussed.

Mitterrand in early July expressed willingness to help find a solution for the couture house, saying its disappearance would be "a cultural disaster."

A member of the works committee said the employees were "rather fatalistic" about the situation.

"They aren't going to mobilise, that's not the way they do things," at Lacroix, which is not unionised, he explained. He added that they had "gained a month" because the redundancy letters should have gone out at the end of July.

"Now they will wait to receive their letters when they get back from their holidays, to tell them they haven't got a job to come back to."

Source: AFP

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