

# Pointers buck the trend to consolidate

## Hands

### Complexity prevents process going in-house, writes Haig Simonian

Switzerland's top watch brands are keener than ever to present themselves as true *manufactures* and increasingly concerned about security of supply for key parts.

These concerns are prompting accelerated verticalisation – yet one component has resisted all pressure to consolidate.

The hands, arguably the defining visual feature of every mechanical watch, are all made by outside specialists, rather than manufactured in-house.

"You could say the case is the face of every watch, but it's the hands that tell you the time," says Isabelle Chillier, director of Fiedler, the oldest of Switzerland's five remaining watch hand makers.

"Once, our industry was a landscape of independent companies, each specialising in single items such as bracelets, cases, dials or hands.

"Increasingly, some of these functions have been incorporated into bigger watch groups. But hands have remained something of a special case," she adds.

Ms Chillier should know.

Her great grandfather acquired Fiedler, which supplies most of Switzerland's best known watch brands, in 1917, 71 years after its foundation in Geneva.

Today, the company is run by her father, with Ms Chillier hand-lining marketing and being Fiedler's public face.

In fact, hands have also been through a consolidation, though many years back: Universo, the biggest producer, belongs to Swatch Group and is an amalgam of many once-scattered independent brands.

But the remaining manufacturers have no intention of selling out.

"We're looking for customers with two or three centuries of history. They're not going to disappear overnight," says Pierre Girardin, chairman and owner of Aiguilla, probably the second-biggest manufacturer by volume after Universo, and a personification of the paternalistic instinct defining many family-owned suppliers in the watch industry.

His company, created in 1890, was bought by his father in 1936. "I've never fired anyone, irrespective of the economic cycle. Our people are my family. I'm sure, even in a century's time, there'll be demand for mechanical watches – and for watch hands," says Mr Girardin.

Like Fiedler, Biel-based Aiguilla focuses on the very top end of the market.

Its customers include not just well-known independent brands and Richemont group marques, but Swatch Group subsidiaries including Blancpain and Omega – suggesting that even Universo may not be able to meet all internal demands. Fiedler's roster, meanwhile, includes Rolex and many other premium names.

Both hands makers are broadly similar in size and char-

acter. Aiguilla employs 200; Fiedler has increased its workforce from 100 in 2006 to 160 today.

Neither is willing to talk about sales or earnings, but both produce about 5m-6m individual hands a year.

Universo, in line with Swatch Group policy, provides no information and even bars media visits.

Proud family ownership is a central reason for the survival of such specialists.

Mr Girardin notes that his daughter, a pilot for Swiss International Air Lines, should soon be joining the company, and her two young children have expressed interest in coming on board eventually.

Ms Chillier says her arrival at Fiedler 11 years ago put paid to any doubts about family succession.

Equally telling may be the sheer complexity of the hand making métier.

Every watch hand starts its life as part of a narrow strip of gold or alloy.

Transforming that into a carefully sculpted finger with various faces and three-dimensional features, all precisely polished, is an extraordinarily complex skill.

Tellingly, all but 20 of Fiedler's 160 employees are in production.

Hands come in three broad families, according to their basic



**Isabelle Chillier, director of Fiedler, says her arrival quelled any doubts about family succession**

shape. But each family has myriad variations, helping to explain why manufacturing is such a specialised business.

At Fiedler, average orders come in batches of about 300. But the company regularly fills orders from as few as 10 pieces to as many as 1,000 or 2,000.

Each hand then goes through 30-35 separate operations, some of them painstakingly detailed, in its gradual transformation. "It requires real *savoir-faire*," says Ms Chillier.

Indicative of the meticulous quality standards demanded, 40 per cent of production is rejected.

"Hands have two aspects, the aesthetic and the technical. You have to respect them both," she says.

Such specialisation helps explain why so few watch brands have taken to making hands in-house – and why such a labour-intensive business has not migrated to a lower cost location.

"In spite of technological leaps in computer-controlled milling or robotics, hands are not something where you can just put the raw material into a clever machine and take out a perfect watch hand seconds later.

"The demand for detail of our clients, our *savoir-faire* and the short lines of communication, are strong factors in our favour," says Ms Chillier.

"We even build our own machines. No one is ready to make them for us. And we're investing constantly in the future," says Mr Girardin.