



# Montblanc North America and Coverdale USA

Montblanc North America is a luxury goods company located in Murray Hill, NJ. The company is a subsidiary of Montblanc, Germany which was founded in 1906. In today's luxury good market Montblanc competes with such famous names as Cartier, Luis Vuitton, Tiffany and Gucci. In 1913 Montblanc introduced its world famous logo; the cap with the white star representing the snow peaked cap of Mont Blanc Mountain. The company has an international reputation for the fine quality of its' writing instruments, leather goods and watches. This case study documents Montblanc's significant growth in North America and the support provided by Coverdale.

Karsten Martens, Montblanc President and CEO and Hank Lewis, Senior Coverdale Consultant, began working together in the Summer of 1999. Montblanc was already well known in the States for its quality writing instruments. Hank Lewis says: "So many times when I tell people I am working with Montblanc they pull out and proudly display their Montblanc pens." The company is famous for its "meisterstück" or masterpiece writing instruments; hand crafted by master craftsmen who take infinite pride in their work. In short, each pen has a soul.

The challenge was to convince the public that Montblanc was now a luxury goods company with a full line of products (writing instruments, leather goods, watches, jewelry, stationary and fragrances) all of which have a "soul" and represent a "meisterstück" made by master craftsmen.

To promote the brand image and to increase sales in all product lines a new approach had to be taken to distribution and sales. Four years ago Montblanc NA was primarily a wholesale and distribution company. Montblanc had to evolve into a full scale

luxury goods wholesaler and retailer and fully integrate its service support functions. The experience of buying and owning a Montblanc luxury product must be as special as the piece itself.

To do this Montblanc NA has had to revamp and upgrade its customer service at all levels.

Montblanc NA is achieving its goals by implementing the following balanced strategy:

1. Promoting the retail business by operating over 40 boutiques in North America.
2. Strategically focusing the wholesale business on quality outlets and encouraging customers to set up their own "shop in shop" Montblanc mini boutiques.
3. Developing a corporate gifts business that focuses on Fortune 500 companies and encouraging these companies to look to Montblanc for really special gifts to be awarded deserving employees.

Fundamentally, Montblanc's success has come from the teamwork, dedication, hard work and commitment of its employees. They are special people who take pride in supporting the Montblanc brand name and selling its very special products.

Coverdale USA plays a modest role in Montblanc's success through the development of effective teamwork, strengthening organizational communications and integration, and helping to create a realistic vision and supporting strategy.

## **Karsten Martens, CEO, describes the work with Coverdale...**

### **Background.**

*In 1999 Montblanc decided for the North American market to refocus the distribution strategy as well as to take over the remaining back office functions such as IT, accounting, logistics and HR from the former distributor.*

*To support the new distribution strategy the retail, wholesale and corporate gift departments were reorganized and a new management team put into place. The new senior team had extensive experience from different luxury companies.*

### **The Task.**

*The challenge was to quickly integrate the new functions and management team members, develop a new vision and strategy for the company and implement it rapidly.*

### **Why Coverdale?**

*I had worked with the Coverdale approach at Cadbury Schweppes in London as well as with Montblanc in France and was very impressed with the results for the business and the sustainable changes induced in the groups that I worked with.*

*The Systematic Approach seemed to be a perfect fit to the task at hand to integrate the*

*old with the new and develop a common language and mission statement.*

### **The Project.**

*Initially the senior management team participated in an off-site basic Coverdale seminar. We came back from that enthusiastic and with a vision for the company and a rough three-year plan. In fact everybody was convinced that the approach had been that beneficial that we decided to roll out Coverdale seminars to the next level of management within the next six months.*

*Each year since 1999 we give a group of 24 employees the opportunity to participate in a basic Coverdale seminar in order to get more people exposed to the systematic approach and utilize it more often. Once a year we also review our progress in regards to the three-year plan, the company vision and the organizational development with the senior team and the help of Coverdale.*

### **The Results.**

*The company has changed dramatically from what it was three years ago. The change overall has been embraced and the quality of work as well as productivity increased significantly. Despite reducing the distribution as part of our plan by about 50% within the last 18 months, we achieve a growth rate of over 20% in sales, driven entirely by strategic product groups and in the targeted distribution channels. And this in a very difficult market environment presently.*

*Agreeing and communicating aims, purposes, target groups, success criteria and responsibilities clearly with the help of the Coverdale approach is playing a major role in this success.*

**Karsten Martens**  
**President & CEO**  
**Montblanc North America**