



Buyer's View: Erva



Small company's struggle with leather suppliers

You can insist on fighting the temptation to try to grow too quickly, but if film stars start appearing in magazines with your products, it soon becomes impossible for you to avoid the attentions of big buyers and the media. This has been the experience of Erva, a Barcelona-based design company specialising in leather handbags.

The two founders, Eva García and Rosa Rial, have become used to seeing pictures of people such as Cher, Cameron Díaz, Jane Birkin, and Mary-Kate and Ashley Olsen carrying their creations around the world with them, but they have kept their feet on the ground. Both designers come from Galicia in the north west of Spain and began working together in London in 2001. When the time came to find a leather workshop to bring their ideas to life, they looked only in Spain—eventually partnering with a small company in Barcelona—because they were keen to preserve the tradition of leather craftsmanship of their home country.



Hands on: Erva founders Rosa Rial (right) and Eva García in their workshop in Barcelona.

Two years ago, the owner of the Barcelona workshop decided she wanted to retire and, rather than look for a manufacturing partner somewhere else, Erva bought her out and moved to Catalonia, keeping the existing technical team in place. "You can see how small we really are," Ms. Rial comments, "And, in terms of the workforce, the space and the capacity we have for work, we're already at

our limit now, producing around 5,000 bags a year. So we're actually trying to slow our growth down, even if that means turning clients away. We want to concentrate on delivering wonderful service to the clients we already have. When we have that in place, we can start to grow again from there, little by little."

Turning clients away? Whoever heard of a start-up company doing that?

Supplier relationships

Providing existing clients with that high level of service means that Erva has to maintain excellent relationships with its suppliers in the leather market. Ms. Rial has forthright views on the treatment small companies like hers receive from tanneries. She and her partner happily attend trade-shows such as Lineapelle. They touch and feel, and pick out the leather they want to use in their forthcoming collections and place their orders, asking for as much first-grade leather as possible, but accepting that a small component will come from second-grade stock. ➤



THE BUYER'S VIEW

Some suppliers—she singles out Dolmen—have been good to work with, keeping the quality high, delivering right on time and being “reasonable” with regard to payment. “Others, whom I don’t want to name, have treated us far less fairly,” she continues. “Without warning, they’ve sent us a far smaller proportion of first-grade leather in our order. This has happened to us more than once, and it’s only when we call them to complain that they apologise.”

“Typically, they offer us a discount at that stage, but we don’t want discounts. We can’t work with poor quality leather. We will pay whatever price we have to, but we want the quality of material we asked for in the first place. They say they are finding it difficult to find high quality raw material at the moment. I don’t know if that’s an accurate reflection of what’s really going on in the market but it’s very frustrating for us.”

She also accuses these less sympathetic tanneries of delivering late and of being difficult over financial transactions, often demanding payment up front from Erva, while the design company is often at the mercy of large retail companies over its own invoices, making its order-to-cash cycle even more painful.

Expert help

Changes in the world of leather have also made it more difficult than they imagined to find people with the right expertise to join them, even in Barcelona, a city with a genuine history in leather craftsmanship. Two new recruits arrived recently after LVMH brand Loewe—which has built up

expertise in producing handbags, plus corporate gifts and other luxury items from high quality Spanish lamb nappa—decided to let some of its workers go last year. The Erva team now numbers 15 people: 12 craftswomen and one man (to do the cutting), with the two founders.

“We know we need people with this level of expertise,” Rosa Rial explains. “Neither of us has had training in leatherwork. We touch and feel it, and we know what we’re

looking for, but when it comes to measuring what to cut from a hide, knowing where you can put a fold, how to solve any problems that crop up, you need people with real technical knowledge.”

If Ms. Rial and Ms. García have in-house leather experts to call on, they still find general business administration eating into the time they might otherwise devote to design; they have chosen to stay small, and know this is part of the price they must pay. It seems only to have strengthened their resolve that they have to be unfailingly good at keeping the promises they make to their clients, delivering on time, and with every bag in the batch perfect. They make up all the orders themselves (up to and including putting labels on the consignments), checking and double-checking every step of the way. It almost sounds as if they would hand-deliver the handbags if, in most instances, the delivery addresses were not so far away.

The Japanese market is one source of serious success for them, accounting for around 50% of sales at present. “Fashion seems to me to be a real hobby in Japan,” says Eva García, “more than it is anywhere else. People there don’t just buy what they need, they buy whatever makes them feel good. And I also have a sense that big names mean slightly less there, which is good for us. Japanese consumers don’t mind that they’ve never heard the name Erva before.” ➤





Away from Japan, they name Barney's as one of their favourite clients. Their bags have been in stock at the company's iconic Madison Avenue, New York, store for some time, and are now becoming available at Barney's outlets in other parts of the USA (Beverly Hills, Seattle, Chicago and so on). Liberty's in London and the Galleries Lafayette store in Berlin are also high up on the list of priorities at Erva.

Retail requirements

Other relationships with retailers have worked less well. About a year ago, a buyer from Selfridges in London made an approach and, after a positive dialogue, placed an order. "We were delighted," Rosa Rial recalls. "The buyer was lovely, and the idea of having our bags in the Selfridges store in Oxford Street was fantastic. I love that store." As the deal went through, however, company policy meant the buyer had to insist on what the handbag designers call "sizeable discounts" and payment conditions that were too stringent for such a niche supplier to meet. So, when the same retailer tried to follow up recently with the offer of a repeat order, Erva, reluctantly, turned it down.

Hong Kong has been hard work, too, but for all the right reasons. Erva has been supplying Joyce for a while, with its bags proving popular with shoppers at the retailer's flagship, high-end luxury boutique in Pacific Place. When Harvey Nichols Hong Kong made an enquiry last year, Erva once again defied start-up logic and said no, for fear of upsetting Joyce.



The Harvey Nichols buyer understood, but approached Erva again at Tranoï Femme in Paris in March this year. On this occasion, they were able to work out a compromise, offering Harvey Nichols items from their autumn-winter 2007 collection that Joyce has chosen not to

The Erva look



The styles that have made Erva handbags popular with celebrities in Europe and the United States and with discerning shoppers all over the world suggest urban sophistication. Smaller bags, often in lighter colours or with printed patterns, have a chocolate-box look, enhanced by oversized clasps and decorative additions in dark wood. Metal straps—often gold-coloured chains with large loops for links—also make frequent appearances throughout the collections. Softer, larger bags in darker colours are also common, offering greater volume. The most common materials are lamb nappa and calfskin for smaller bags, and cowhide for larger bags.

order so that there will be no overlap. "They've taken a completely different part of the collection," Ms Rial insists. "We're just glad to have been able to work something out."

No sooner has she said this than an enquiry arrives—in the middle of our conversation—from a third potential Hong Kong client, a big-name company with a specialism in luxury leather. The buyer asks, without any hesitation (although clearly having done some homework on Erva beforehand), if she can place an order. Gently and politely, the designers turn her away, unable to see how they could possibly keep a third customer in the region happy while their company remains small.

A store for the future

The two founders have often been asked about setting up their own shops and have now come round to the idea that this could be part of the future for them. Rosa Rial says, "If you'd asked us a year ago, we'd have said 'no'. But now our thinking is changing on this. It could happen in the future."

Her partner adds that her ideal would be

to run a shop that sold more than Erva bags: clothes and jewellery by designers they like would be on display, too, as would items for the home, and even their favourite books. Eva García is keen on combining beauty and luxury with usefulness. She is working at the moment on ideas for 'a single handbag', meaning one that women could use every day; expensive, but worth it because, by definition, you would need only one rather than six. It would have to be practical enough to carry everything a woman needs for work and leisure, and of designs and colours that would make it appropriate to use with any outfit. She is enjoying the challenge.

No matter what new designs they come up with, both women are committed to continuing to use leather as the main material for their work. "There's just something luxurious about leather," Ms. García explains, "and I think that is why more and more young designers are beginning to work with it. Until recently, only the big brand-names used leather, but that's changing now."

"We love leather," her colleague concludes. "We worship it." 