



Hermès has more than 300 stores worldwide but 60% of its staff work in France.

CREDIT: ARSENIE KRASNEVSKY / SHUTTERSTOCK.COM

On home soil

There is much talk of 'in-sourcing', bringing the manufacture of finished goods back to brands' home markets, but in the last few years, luxury group Hermès has quietly gone beyond just talking about it and has opened several new leathergoods factories in France.

Hermès's saddlery and leathergoods sector are the brand's backbone and has been its key generator of revenue for many years, including the second quarter of 2016 when it contributed 51% of total revenue. Moreover, it grew more than twice as quickly compared to overall revenue.

The brand has said that strong demand for its handbags, including the Birkin and Kelly ranges, is a key reason for this strong performance. The ongoing popularity of these labels, as well as its Constance, Halzan and Lindy collections, has prompted the high-end brand to expand its production capacity, not just for handbags but for all leather items. By expanding production specifically in France, Hermès says it is committing to keeping alive the country's rich history of craftsmanship; it is also creating new highly skilled jobs in an uncertain labour climate.

The opening of two leather workshops in the French départements of Charente and Isère in June last year allowed Hermès to add 400 French workers to its payroll. It means that 60% of employees now work in the brand's home country. The workshops, as well as a site opened in the Haute-Saône department in April this year, were developed in response "to persistently strong demand" for leathergoods. It marks the latest stage in a strategy to establish hubs across France for producing high-quality leathergoods.

Go east (but not too far east)

Hermès invested €10 million in its new facility in Haute-Saône. The workshop in the town of Héricourt, located in the eastern province of Franche-Comté, was built on the site of a former spinning mill. It is the company's fifteenth leathergoods production facility in France and will employ 280 people within a year. It is dedicated exclusively to the manufacture of Kelly handbags, one of its most popular lines. "We must respond to the demand, which is strong," said Hermès chief executive Axel Dumas when inaugurating the site, somewhat of an understatement given that customers can wait more than a year to get their hands on one of Hermès's more popular products. Between 40 and 60 finished handbags will be produced each day in Héricourt, with each one taking no fewer than 15 hours to complete owing to the intricacy and skills required. Hermès says the "know-how of the local people" influenced its decision to establish a leather hub in the region.

Plans for another workshop nearby are already in place. The site in the town of Montbéliard is expected to be operational by the end of 2016. Hermès explained that the proximity to l'École Boudard, a well-respected school that offers courses in leather craftsmanship, was an important factor in choosing the location of this latest facility. This



Staff at the new facilities must undergo extensive training before they can take up their role in the workshop.

CREDIT: HERMES



Sales of luxury handbags have contributed significantly to the growth of Hermès' saddlery and leathersgoods division.

CREDIT: HERMES

institution will be responsible for training new staff at the site as Hermès seeks to put in place a new generation of master leather artisans. Another school in the area, the Lycée des Huisselets, will also train future staff. The Montbéliard site will bring the company's total workforce in Franche-Comté to more than 800, including those in the production unit it has operated there since 1996 (in Seloncourt). It will mean 15% of all of the company's leathersgoods will be made in the Haute-Saône region.

The southeast of France is another area targeted for development. Hermès established a workshop in Isère in June 2015, which currently employs 130 people but will eventually offer jobs for 250. As in many of the facilities where its leather handbags are manufactured, one Hermès artisan is responsible for producing a piece from start to finish. Each one takes more than 10 hours to complete and more complex designs (such as Birkin bags) or larger items require significantly more time.

Southwest

Hermès has also actively expanded its presence in southwestern France in recent years, led by a new facility in the town of Montbron where the company has had a stitching operation since 2012. It occupied the space vacated by a lingerie manufacturer and offered jobs to around 60 of the staff who had lost their jobs. The success of the venture inspired Hermès to build its own factory to broaden the range of leathersgoods it was able to produce in the region. Montbron mayor, Gwenhael François, paid tribute to Hermès for "keeping our artisan know-how alive" when the development was opened last June. At its launch, the Montbron plant employed 175 people, 150 of whom were artisans. They must undergo 18 months of intensive training before being granted this status. The luxury brand plans to increase the workforce to nearly 300 in the future. Around 75% of the current staff

are women.

It is not the first time that the company has offered a helping hand to those in the south-west of the country who have lost their jobs. When adidas closed its factory in the town of Nontron in the early 1990s, Hermès offered jobs to 80 of the 300 workers made redundant. There are now 400 people employed there, including 180 in a leather workshop dedicated to small leather items, including handbags. There are plans for another leathersgoods manufacturing unit in the nearby town of Saint-Junien, where Hermès has had a facility dedicated to glove-making since 1998. The expansion will see the site's workforce increase from 50 to 120. Training of the first intake of new recruits, which is being carried out by master artisans, is already under way, with operations expected to begin in early 2017.

More to come

Hermès's commitment to leather is clear, with the considerable recent investment in the aforementioned facilities testament to this. And the company is not finished: as well as the proposed facilities in Montbéliard and Saint-Junien, plans for a reorganisation of operations in the northern district of Le Vaudreuil are already in motion. At present the leathersgoods workshop there, which has been operational since 1996, shares a building with the brand's perfumes division. By the end of this year it will have its own dedicated building, which will grow the workforce from 100 to 250.

By pursuing its expansion within France's borders, Hermès has created jobs and protected artisanal skills which may otherwise have been lost. It can now look forward to a bright future for its leathersgoods division with increased production able to satisfy the growing demand for its products. Further success may convince other luxury brands to rethink their own manufacturing strategies. ●