



Carmen Steffens seeks to combine Brazilian creativity with in-depth knowledge of global fashion trends.

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Brazilian footwear and accessories brand Carmen Steffens grew out of the Couroquímica leather manufacturing business 25 years ago, achieving a level of vertical integration that is still unusual in the global industry.

A brand that does things differently

Sometimes, for a company to make a name for itself, it has to do things differently. When, in 1993, economist and entrepreneur Mario Spaniol decided to set up his own footwear brand and factory in Franca, in the interior of the state of São Paulo, it was no surprise. Franca calls itself the national footwear capital of Brazil and today has 1,500

footwear factories in operation.

But Mr Spaniol's route into the shoe business differed from that of his neighbours. He decided to specialise in women's shoes rather than men's. Traditionally, Franca has concentrated on men's footwear, with the rival shoemaking region around Novo Hamburgo in Rio Grande do Sul focusing on women's. Mario Spaniol is originally from Rio Grande

do Sul but he went ahead and launched his factory and his brand, Carmen Steffens (his mother's name) in Franca.

The main reason for this counter-intuitive move was that, ten years before, he had already set up his own tannery in Franca, Couroquímica. He built the Carmen Steffens factory on the same site, establishing vertical integration between the tannery and the shoe manufacturing



plant, adding glamour to the clamour. Mr Spaniol says his aim in setting up Carmen Steffens was to combine Brazilian creativity with knowledge of major global fashion trends. Famous customers include Jennifer Lopez, Eva Longoria, Paris Hilton, Drew Barrymore and Madonna Ciccone.

Carmen Steffens now employs 3,500 people and produces 11 collections per year. It makes 14,000 pairs of women's shoes per day, plus 3,500 handbags, 1,000 pairs of men's shoes and 4,000 articles of clothing (including leather garments). It has reported annual growth of around 25% in recent years and, taking the vertical integration idea all the way to the end consumer, its retail network now expands to 550 stores in 18 countries, some run by Mario Spaniol's group, others operating under franchise arrangements.



Madonna and the tannery

It seems clear that even though it is ten years younger, Carmen Steffens is now the part of Mario Spaniol's business empire that attracts most attention (this might be doing her an injustice, but it is unlikely that Madonna has ever heard of Couroquimica). But if the group was committed to integration between leather and shoe production in 1993,

nothing in the intervening 25 years has diminished that commitment. The factories still stand side by side and, today, 95% of the leather that Carmen Steffens consumes comes from Couroquimica next door. The other 5% of the footwear brand's raw material is exotic leather, which bovine-focused Couroquimica does not produce. In

The brand makes 3,500 bags per day.

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contrast, Carmen Steffens accounts for only 30% of Couroquimica's business.

Far fewer people work in Couroquimica, 220 in total. One of them is production manager, Wilson Soares. He explains that Couroquimica is currently processing 1,600 bovine hides per day, but has the capacity to increase this figure to 2,500. At present, all of its raw material comes from Brazilian packer companies, although it has worked with hides from the US, from Mexico and even from Australia in the past. It starts from wet blue (or, in the case of 2% of the hides, wet white) and carries out retanning and finishing onsite in Franca. If 30% of the finished leather the tannery makes only has a few metres to travel to reach its customer (Carmen Steffens), another 40% goes to other customers in the domestic market while the remaining 30% goes for export. Some of the exported leather leaves Brazil as crust, bound for the US, China, Vietnam, Thailand and South Korea. Some of it is for footwear and leathergoods manufacturers, but a new business is building up for Couroquimica in automotive leather, with



Production manager, Wilson Soares (front), in the Couroquimica storeroom. The tannery keeps more than 50 fashion colours in stock.

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The Carmen Steffens factory in Franca.

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its crust going for finishing to Asian tanneries making leather for the interiors of cars made by major Japanese and Korean automotive brands.

"Yes, we are part of the same group, but our other customers have the same standing," Mr Soares says. "No customer is a second-class citizen in our eyes."

Chrome-free growth

Mr Soares explains that it has taken ten years for Couroquimica to establish itself as a supplier of automotive leather but that this market now accounts for 25% of all production, which puts it equal with leathergoods; footwear is still the tannery's main market, taking 50% of the output. Another point he makes is that not all of the wet white the tannery processes is destined for automotive; in 2017, Carmen Steffens began to use chrome-free leather in some of its shoes and bags. "We had been building up to this for some time," the production manager explains, "perhaps for as long as 10 years. The main idea is to present chrome-free as an option that's better for the environment. The tests we have carried out show that the chrome-free leather we produce is more biodegradable and there is demand for the metal-free waste from wet white for use in fertiliser. I think that, five years from now, chrome-free

leather could reach 10% of our production. It all depends on the customer, though, because it does cost a little bit more."

Grounds for optimism

The first figures for 2018 indicate a slow start for Brazilian footwear exports. The country exported 11.2 million pairs with a combined value of \$80.4 million. Both figures represent a decrease of 1.2% compared to January 2017. The year is young and there is plenty of time for shoe exports to recover. Perhaps there is more optimism in the domestic footwear arena. A visit in January to Inspiramaís, the twice-yearly show in São Paulo that features materials for shoes, garments and other fashion items, certainly gave Wilson Soares hope for a good year.

"It was interesting talking to buyers about the market," he says. "They say they began to notice a difference at the start of this year [following a period of economic sluggishness in Brazil]. Things are picking up; shoe companies are increasing production and that means they have orders in their order-books."

Freedom and revolution

There are around 20 tanneries still operating in Franca and around 260 throughout Brazil. According to Mr Soares,

Couroquimica was always destined to stand out because of Mario Spaniol's vision of vertical integration and his commitment to making high-fashion, high-quality shoes. "Even before the launch of Carmen Steffens, Mario revolutionised the leather sector here in Franca," the production manager recalls. "Within the town, local footwear factories were waiting 30 or sometimes 40 days for delivery of leather from local tanners. Mario saw that if he could make delivery times faster, he could carve out an opportunity for himself. So he launched Couroquimica, started producing and was soon offering to deliver leather in ten days, which was a revolution."

Couroquimica keeps hides in more than 50 colours in stock and offers its customers a minimum order of just one side. "Of course," he points out, "most footwear stores will still typically order only 10 pairs in fashion colours for every 100 pairs they order in black and brown, but our aim is to offer the designers who come up with new collections and, ultimately, the consumers who buy the shoes, some freedom." 🌐