

## Time to pay for 'decadence that got out of hand'

CEO INTERVIEW  
MAXIMILIAN BUSSER

### Haig Simonian talks to an upstart watchmaker

Maximilian Büsser admits that the brand he established in 2005 would never have got off the ground in the current climate.

MB&F – Maximilian Büsser and Friends – a small, upstart watchmaker selling for stratospheric prices should be the sort of operator facing extinction in the biggest crisis in his industry in years.

But Mr Büsser, a thoughtful, precise man of Swiss-Indian origin, has no qualms about speaking to the press, where others have cancelled interviews at the last moment and top watch brands decline the opportunity to set out their stalls.

"We're totally transparent. Sales, product, all the persons who have worked on the pieces, you can have it all," says the 42-year-old former head of Harry Winston timepieces.

"Some smaller brands will go. Until this year, the barriers for entry were very low. Suddenly, that's no longer the case," he says.

"Many of the brands that have been created are just marketing organisations buying very reliable movements from ETA and selling them at outrageous prices. Last year, we reached the phase of Roman decadence in our industry. Things had gone overboard. But customers must also become more educated about what they're buying, because the culture of marketing has taken grip. The "cleaning up" that will come is absolutely necessary.

Not a man to mince words, Mr Büsser's career started when he was 22 after a surprise offer from Jaeger-LeCoultre diverted him from the job at Procter & Gamble or Nestlé he was expecting to get after studying micro-engineering.

Seven years later, he left to

become chief executive at Harry Winston, where he boosted sales from SFr8m to SFr80m.

In 2005, he left with SFr850,000 in savings and the dream to start his own company.

He recognised that even a low volume brand keeping overheads to a minimum and focusing exclusively on artistic and technically uncompromising watches would need twice as much to get started.

"We'd financed the preliminary work and had the technical drawings. I began visiting retailers to gauge interest. Six not only ordered watches, but said they'd pay one-third of the purchase price up front, even though they'd only receive the product two years later.

Today, no one would be ready to finance me like that," he admits

Each year, Mr Büsser commissions a group of craftsmen to create an "horological machine" (HM) – an extraordinarily elaborate and innovative wristwatch, for which all team members get recognition.

Büsser argues that a focus on the long term is the only viable approach for a serious, genuine watchmaker

None of the models looks anything like a conventional watch, with bulky structures and highly unusual mixes of materials.

"I wanted to create something completely different. I like to think of it as a concept lab. We want to craft kinetic sculptures: a work of art with moving pieces of metal."

MB&F keeps each model on the market for three years. Output of each range is limited, meaning that 200 pieces is as big as the company will get.

The third HM came out this year, the fourth is due next summer, and work is under



Büsser: 'We want to craft kinetic sculptures: a work of art with moving pieces of metal'

way on five and six.

But with HM1 initially retailing at SFr160,000 (and SFr200,000 now), isn't MB&F just the sort of brand that should vanish today?

Mr Büsser admits he has had to scale down. "We've suffered this year. In normal circumstances, we'd have achieved our aim of crafting 80-200 pieces. Instead, output will be about 120. But we'd delivered 95 watches by the end of September and I expect to be on target."

The low volume fits his ideals. "I think a company with 10 employees is as big as I'd want. Up to 10, everyone feels part of the business," he says.

The team currently numbers six, comprising Mr Büsser, Serge Krikhoff, his partner and minority shareholder, and two watchmakers for assembly. Other work, is outsourced to top specialists.

Production last year reached 125, comprising 35 HM1s and 90 HM2s, that took sales to SFr6.1m. This year's crisis has required belt tightening, although sales look stable at about SFr5.6m and the company should remain at breakeven.

"We've cut all the major investments we'd planned, though we've maintained research and development. That's always accounted for at least 30 per cent of

revenues and remains crucial to us. We can manage because our marketing and advertising expenditure is virtually nil."

The crisis has made Mr Büsser more convinced than ever about his business model.

Having been through three sets of owners at Harry Winston – the family, private equity and the stockmarket – he argues that a focus on the long term is the only viable approach for a watchmaker claiming to be serious and genuine.

But there has been one important adjustment. With retailers so pressed, Mr Büsser has started talking to buyers directly – with his retailers' blessing. "What we've seen this year is the breakdown of the link between the watchmaker and the final customer – the retailer. Retailers have been hammered, totally swamped by large brands desperate to shift product," he says.

"More and more, I'm getting to know the final customer. That forms bonds. I'm finding that most are as much buying into the philosophy of the company as the product. "In 2010, we'll scale back to 80-100 pieces. I want everything to be presold."