



PUIG DORIA

When Mr. Miguel Villar arrived at Puig Doria (1) on the morning of August 23, 1985, he found a message waiting for him from Mr. Puig Doria: "Please come to my office when you have a moment." A few minutes later, he walked downstairs and tapped lightly on Mr. Puig Doria's door.

"So," Mr. Puig Doria said as he let Mr. Villar in, "the Japanese have confirmed next week's meeting."

"Yes," replied Mr. Villar, "Mr. Oka called yesterday to confirm. As usual, there will also be representatives from Daimatsu and C. Itoh-Japan (2). They arrive on the morning of the 28th."

"Mm," mused Mr. Puig Doria, "you know, we've been talking with the Japanese for, what, two years now? And I'm still uneasy about the way things are developing."

Mr. Villar knew exactly what Mr. Puig Doria meant. He himself was torn between his desire to do business with the Japanese and his fear that they did not understand Mr. Puig Doria's deep feelings about his jewelry. Mr. Puig Doria was very protective of his designs and had very specific ideas about how they should be displayed and sold.

Even an inadvertent mistake which Mr. Puig Doria felt might damage the company's image would probably cause him to abruptly terminate his relationship with the Japanese, in spite of the fact that he really wanted to sell his work in Japan. Mr. Puig Doria continued:

Case of the Research Department at IESE.

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It is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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- (1) Puig Doria is actually the name of the store and showroom where Mr. Puig Doria, its owner and creator, displays his jewelry designs. In this case, the name "Puig Doria" has been used to describe all administrative functions surrounding Mr. Puig Doria's jewelry business, including sales and production.
- (2) C. Itoh is one of Japan's largest General Trading Companies. See Appendix A.

“I don’t want to relinquish too much control over the marketing of my jewelry. It’s just too important; it’s an integral part of the Puig Doria image. However, I approve of what they have done so far, and I don’t want to give in to my feelings prematurely.”

“Yes”, replied Mr. Villar, “this could be a great opportunity if we handle it correctly”.

Mr. Villar had often wondered whether Puig Doria was doing the right thing in the light of Mr. Puig Doria’s mixed feelings. Yet the way the Japanese had specifically sought out Puig Doria, and their persistence in keeping the negotiations going even when it appeared they had reached a dead end, showed that they obviously wanted Puig Doria’s product and would certainly not deliberately do anything that could damage the relationship at this point. There was no denying that there was a tremendous amount of prestige attached to the act of successfully exporting to Japan, not to mention the sales which would result from having access to a market of 120 million affluent people. He wondered, however, if there was anything more he could do to protect Puig Doria’s interests while at the same time strengthening the fragile bond which now existed with the Japanese.

Puig Doria

Puig Doria is a prestigious jewelry establishment located on Avenida Diagonal in Barcelona, Spain, where it is surrounded by other retail outlets featuring the products of several internationally known designers, such as Cartier and Yves St. Laurent. Its titular head, Mr. Josep Maria Puig Doria, studied architecture like his father before him (who had worked with the famous architect Antoni Gaudi on the celebrated Sagrada Familia Cathedral in Barcelona). Three years into his studies, however, Mr. Puig Doria realized that he was not an architect, but an artist and a jeweler, and, with his father’s blessing, began studying Art while working in a small jewelry workshop which was set up in one of his father’s offices on Provenza Street. Some years later, in 1960, he opened a small showroom in the same building, employing about 6 people. Slowly, his reputation as a jeweler became established on a local and a national level, and in 1968 he made his first international sale when his work was shown at Saks 5th Avenue and Bloomingdales in New York. Soon after, articles featuring his designs were published in *Vogue* and *Harper’s Bazaar*, and examples of his jewelry were later shown at Van Cleef and Arpels. Mr. Puig Doria’s growing renown prompted him to move to a larger and more elegant location on Avenida Diagonal, where all of Puig Doria’s administrative and commercial activities were centralized, and where he maintained the only showroom for his designs.

The Puig Doria showroom was basically an extension of Mr. Puig Doria; he was the creative force behind it all. But while he was responsible for designing the jewelry which was the foundation of the business, he relied on his staff to transform his ideas into concrete reality. The first step of this transformation involved transferring his designs onto paper in the form of a detailed drawing. This was done by one of the staff artists in close collaboration with Mr. Puig Doria, and the drawing was subsequently given to a jeweler to bring to life, along with the materials necessary to execute the design. Mr. Puig Doria worked with between 25 and 30 independent craftsmen, each of whom was specifically chosen for the skill and care he put into his work (3). With one or two exceptions, these craftsmen did

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- (3) The craft workshops that Mr Puig Doria worked with could be divided into several areas of specialization:
- foundries which shaped precious metals into the rough form of a jewel.
 - finishers who polished the rough jewel into semi-finished or finished form.
 - gem-setters who set precious stones into the jewels.
 - pearl-stringing specialists.
 - others, such as enamellers.

not work exclusively for Puig Doria, but contracted out to other jewelers as well. Occasionally, Mr. Puig Doria had helped an exceptionally skilled craftsman set up his own workshop in exchange for his services. Mr. Puig Doria found that working with independent craftsmen lightened the administrative burden associated with the production of his designs. Costs could easily be traced to a specific workshop, and even to a specific jewel, with no complicated overhead or depreciation calculations. In addition, personnel problems were virtually eliminated and production could be increased or decreased without laying off or hiring, which was especially important in Spain.

Although production went on all year long, Mr. Puig Doria formally presented his new collection for the coming year in November, in time for the Christmas holiday season, when the demand for jewelry was at its peak. While some of Mr. Puig Doria's designs were reproduced many times for sale, he also designed one-of-a-kind pieces, which were sold at a premium. These were often created with a particular woman in mind. Before designing a jewel for a client, Mr. Puig Doria insisted on seeing or meeting her, as he hoped to capture her essence in his work. For Mr. Puig Doria, jewelry was a very personal form of expression:

“When someone wants to buy one of my jewels I often get emotional. It is a very special moment when I have to part with something that I value. Sometimes I feel tempted to embrace my client. I am awfully sentimental. After all, each one of my jewels is a part of my soul.”

The care which Mr. Puig Doria put into his jewelry extended even to the environment in which they were displayed and sold, which Mr. Puig Doria felt was just one of the many important details surrounding the creation and sale of a high quality jewel. Therefore, the Puig Doria store was color coordinated in Puig Doria's colors, grey and chestnut, and each jewel was elegantly displayed in individual, carefully lit exhibits set into the walls throughout the establishment. The elegantly dressed store staff, also in grey and chestnut, wore blouses specifically designed by Mr. Puig Doria to show off his jewelry if one of the women should be asked to model a piece.

Recently, a section of the store had been devoted to Mr. Puig Doria's line of accessories, which included ties, briefcases, umbrellas and scarves in Puig Doria's colors, and all discreetly displaying the Puig Doria insignia.

Puig Doria's export activities

In 1971, Mr. Puig Doria began experimenting with the possibility of exporting a line of economical silver jewelry to be produced in quantity under the Puig Doria name. The new line was designed by Mr. Puig Doria for export, principally to the United States and Germany. A separate company was created and installed in the now empty offices in Provenza Street to handle the marketing of the new line. In the United States, the jewelry was sold by a commissioned representative, with Puig Doria shipping to and billing the buyer directly, while in Germany the jewelry was sold to an importer or, in some cases, directly to the client, with the importer receiving a simple commission. At the same time, a Puig Doria employee traveled to Germany several times annually to promote the line and help develop the market.

As a result of these activities, the volume of export sales reached was more than adequate, but a variety of other problems led to the decision in 1977 to close the offices on