

## Selling Beautiful Pieces of Art

An Interview with Rick Fencel,  
Chief Executive Officer, Lladró USA



**EDITORS' NOTE** In March 2008, Rick Fencel was named to his current post. Fencel previously served as Vice President of Sales at Royal Doulton USA. Fencel also held senior executive positions at Goebel of North America and Mikasa.

**COMPANY BRIEF** In 1953, the Lladró brothers made their first creations in a Moorish kiln built in the courtyard of the family home. In Almàssera, a little town on the outskirts of the Spanish city of Valencia, they installed a modest workshop that became the headquarters of their company, Lladró ([www.lladro.com](http://www.lladro.com)), which produces a diverse array of handcrafted porcelain objects and home decorations. More than 2,000 people now work for the company, and Lladró creations are exported to more than 100 countries and sold at almost 4,000 points of sale.



Rick Fencel

**We're dealing with economic challenges across industries. Have you seen a major impact on the business, and how challenging is it to find growth in today's market?**

It's challenging, but we're still performing well. Our comp store sales are up year-to-date. On the other hand, our wholesale business and the retailers' plans have been impacted by a lot of the things that are effecting the economy. The open-to-buy is effected by the sales plans, and when you have a very conservative sales plan, you're going to have a very conservative buy plan. Our own boutiques have done very well for a lot of different reasons. One reason is that we show everything in a beautiful light – the stores are fantastic. They're very well staffed, with personnel who are great at clienteling, which is the secret to selling beautiful pieces of art. Overall, our business has been steady, even with all the economic turmoil, especially at the high end of our business. Lladró's most detailed and elegant pieces are in a category called high porcelain, where items retail from \$5,000 to \$140,000, and there has been very nice growth in that range.

With our retail partners throughout the country, we have had an overall good response at our signing events, where we have had many attendees. We're enthused by the sales and attendance at the events, and we're looking forward to good things to come.

**You've broadened into some new product areas. Is there a good understanding of the range of product you offer? Do you foresee additional extensions for the brand?**

I do. Within the Lladró brand, we are exploring different things. Our classic Lladró collector is still a very big part of our business, and most of our new products are focused on that category. We are going to take care of the core. We are also trying to bring in new customers with the Re-Deco

collection and our innovative products. For example, our figurines are mostly displayed on tabletops, and now we're taking these beautiful 3-D sculptures and putting them on the wall. It's about being more modern and reaching out to a younger customer base to introduce people to our products and our brand earlier in life. So far, we have been successful, and it's an important part of our overall go-forward plan.

**There's handcraftsmanship in every one of your pieces. Is there a role for technology when it comes to your design or production?**

It's all handcrafted. The technology comes from the experience. It's the engineering and our artisans in the factory in Valencia who know how to get these special pieces through the kiln without falling apart. This is one of the things that sets us apart from the ceramic makers all over the globe. They can't do a lot of the things we do. We have a complexity to our pieces, and some of our figurines take many molds to create one piece. To achieve this level of detail, the sculptors take a long time sculpting the original model, and the mold makers take great care making the molds and figuring out how to get the pieces through the heating process to finish with a beautiful, perfectly balanced sculpture.

**In other regions of the world, is there close coordination with both product offering and branding, or do you consider what works in each market?**

We have a global branding perspective, but we absolutely have different products for different markets. It has become more important for us to look at the niche businesses by local market. One particular niche that has done incredibly well are products related to the Hindu faith. In 2008, we created a sculpture of the Goddess Lakshmi, the goddess of good fortune.

This piece was a limited edition of 2,000 units. It retailed for \$4,500 and sold out in just a few months. The first Lord Ganesha, revered as the diety of intellect and wisdom, was introduced in 2001. Due to the popularity, we are now launching our fourth. We have more product coming down the pipeline for that market.

Our top-selling porcelain piece is a little Japanese samurai warrior. In Japan, when a young man comes of age, it's tradition for his father to get him a gift commemorating that transition. Our team in Japan saw this opportunity, and it has been a huge hit.

**In terms of distribution and the retail network, are you happy with the channels today? Do you foresee any changes?**

We see opportunity. We have great retail partners, and we have a good number of independent retailers who love the product and treat it like a part of the family. We are also exploring new areas such as designer showrooms where we can show our innovative products. We want interior designers to think about Lladró when they get a job to decorate somebody's home. For instance, we offer a beautiful and very unique chandelier and home decor pieces. We also have to help our current dealers sell more, and we have to train them right. We have some terrific training programs coming out. When times are tough like this, you have to watch the expense line, and one of the biggest expenses is advertising. A lot of people cut their advertising, and their exposure to the consumer goes down. We do not plan to do that here. We've always had a terrific institutional advertising initiative, and it remains strong.

**You've been involved in very strong brands in the past. When this opportunity came up, did you know it was the right fit, and has it been what you expected?**

It has been what I expected, and I expected great things, because the brand is the best in porcelain, and I knew that Lladró had a very good tradition of excellence. The family and the company have a high degree of integrity. They do things the right way. So it starts with the Lladró family, and the company is run with those great values. I've been with a number of companies, and this is by far the company that is run from top to bottom with the most integrity. It's a great place to work. ●

*The Great Dragon, a limited edition high porcelain piece available in three colors*