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THE REVIVAL OF THE FORGE DE LAGUIOLE

by

Thierry Moysset
CEO, Forge de Laguiole

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Overview

Having worked for five multinational companies for over twenty years, Thierry Moysset fell in love with the Forge de Laguiole cutlery works, a factory in the middle of the remote Aubrac region of France where he grew up. Laguiole's products had been imitated to such an extent throughout the world that in April 2007 the company was on the verge of bankruptcy. Moysset and two industrial investors decided to buy the Forge, and concentrated on the assets which had been neglected. They chose to focus on the traditional aspect of the products and the noble nature of the profession, rather than putting their energy into a vain attempt at reducing costs, and to acquire a share in the market at any price. Moysset created a team, and symbolically burned all the company's former plans, automatic machines and standardised instruments, and instead set about motivating the workforce and highlighting the importance of the profession of cutlers. The Forge's unique products are manufactured by motivated individuals who are proud of their work. Laguiole knives are much sought-after. Five years after Moysset tried to turn the company around, the orders are rolling in. The Forge is not able to satisfy all its potential customers, and has even cut back on certain markets, giving priority to the European market (especially in France, Germany and Switzerland) where the company has built its reputation. The company's challenge now is to attract and to train new, professional cutlers.

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TALK : Thierry Moysset

A return to one's roots

My grandfather came from Laguiole which is in the Aveyron *département* in central France. Never in my wildest dreams did I think I would come back to live in my ancestors' village. After completing a university engineering degree, I started working for a large group where I remained for a number of years. At the end of 2006 I was contacted by local councillors from Laguiole who asked me if I wanted to buy the Forge. I had already had some experience of starting up companies abroad, notably in China, Poland and Turkey. However, in this case I was regarded as the 'local'. I had two potential associate partners. It took me some time before I started to consider this offer seriously, but in 2007, when I was contacted again, I finally decided to take on this new venture.

Coming back to live in Laguiole, I found a small village which was anything but lost in the middle of nowhere. With 1,200 inhabitants (and an even greater number of cows), it is situated at the intersection of three regions and three *départements*. Our village, whose name in the local dialect means 'little church at the top', changes with the seasons, and is located in the heart of the magnificent Aubrac plateau. However, it has good road and rail services and is dynamic. The unemployment rate is less than 5 %, but one of the disadvantages for our company of 100 employees is that we find it very hard to recruit personnel.

How to forge a legend

The history and legends about the Forge de Laguiole go back two hundred years. In 1827, the first cutler, Mr. Moulins, set up his business in the village. At that time, the knife was the farmer's best friend. Farmers used their knives to pierce the stomachs of cows in order to release potentially lethal fermentation gases. Their knives were handed down through the generations, and given to their children who were considered old enough to watch over a herd of cows. The Laguiole knife was forged as a large, rustic blade, and this model did not change until 1870. Its use, however, remained the same : it was still the farmer's knife, the sign of authority for an entire society. I can remember that when my grandfather closed his penknife at the end of a meal, this meant that the meal was officially over, the children could go out to play, and my grandmother could clear the table.

When the First World War broke out, the blacksmiths of Laguiole left for the front, and the next chapter in the company's history began. When soldiers talked in the trenches, they realised it was possible to carry out a profession and also to earn a salary. Until this point, some blacksmiths had worked purely in exchange for bed and board, and so, after the war, they decided to look for work elsewhere. Many of them were attracted to the nearby working class labour pool of Thiers. This was where Laguiole knives were manufactured until the 1960s. In 1909, the decorative detail of a stamped honeybee appeared on the knife's springhead, the place which specialists call the 'fly' where the blade is folded into a horn handle. As time went by, the fly became the honeybee, and the emblematic signature of the Laguiole knives.

The decades which followed were difficult. Aspirations for progress were faced with the decline of rural society and rural values. Sales of Laguiole knives fell sharply and manufacturing gradually petered out. However, in 1985, a local councillor from Laguiole together with Monsieur Costes, the famous Parisian entrepreneur from the Aveyron *department* who created the Costes hotel and Costes cafés, decided to train five young people to make Laguiole knives. Importantly, they employed the young and talented Philippe Starck to design the products. In one stroke, the farmer's knife was transformed into a modern object, and sales took off almost immediately. A new era had begun, and business once again started to appeal to commercial appetites.

In 1993, a Parisian businessman who realised the commercial potential of the Laguiole name and decided to register the trademark in all the other groups of products associated with the knife. A complaint was lodged in the High Court which gave sided with the Forge de Laguiole. However, this judgement was overturned on appeal because the judge considered that because the company had relocated to Thiers in the early part of the 20th century, Laguiole had ceased to be a company in its own right and had become the generic name for certain products. The Laguiole name was tainted, and could now only damage those who manufactured the genuine Laguiole knife. In 2007, the Forge filed for bankruptcy.

A handcraft company

When I bought the Forge, I rapidly realised that we were the only company to manufacture the Laguiole knives in Laguiole from start to finish. Therefore, we decided to restore our image by highlighting the values of our profession, and emphasising the aspect of ‘terroir’ (region). Rather than following trends set by large industrial groups which automate production, we chose to do the opposite. This does not mean that we ignore technical progress ; in the space of a few years we have installed 3D design, and modernised our presses and ovens. However, the work of the forge itself has become entirely manual. Far from making us weak, this has made us stronger compared to our competitors, by enabling us to manufacture all the materials at an unparalleled level of quality. This degree of excellence has been officially recognised : two of our workers were awarded the coveted title of ‘Meilleur ouvrier de France’ (Best French craftsman’, a title awarded for manual work in certain professions). These employees are excellent models for the rest of our team because they display a certain degree of savoir-faire and transmit this to others.

We wanted and even encouraged this dynamism. Our most symbolic action was to burn all the company’s former plans and documents at a festive gathering in the company’s courtyard. We wanted the employees to understand that there was only one important factor : them. Having worked in the methods and processing departments of large companies, I knew that the ‘It’s our employees who count’ sort of speech takes place regularly, and in the end it amounts to nothing because people can be replaced by others at the drop of a hat. The act of burning all these documents made me realise that people are the most crucial and important element, and I had to admit that I could not do without them : I really needed them. We often have to ask our workers about various manufacturing processes, so they can see that we really do need them.

Exceptional teams creating unique objects

As well as devoting time to the values of the company, we also undertook a large study to see what needed to be changed. Rather than following current market trends and ascertaining the influence of marketing on our company, we decided to make high quality – and even exceptional – knives. We did not want to invest in a product that was poor quality and would not stand the test of time, so we started making knives which were durable and could be handed down from generation to generation. Today, we can boast that we supply the vast majority of the French three-starred Michelin restaurants. As well as our restaurant clientele, we also sell to home furnishing stores and design shops. We manufacture collectors’ items, having formed unlikely partnerships since 2008 with some of the most famous creators and designers as well as with personalities from the entertainment world. For example, we have been an integral part of partnerships between the town planner and designer Jean-Michel Wilmotte and the chef Cyrille Lignac, the designers Catherine and Bruno Lefevre and the chef Anne-Sophie Pic ; and, more remarkably, we collaborated with the actor Alain Delon and the designer Ora-ïto.

When clients buy our products, they feel that they own an object which is unique, and this sets us apart from other cutlery manufacturers. When a prince asks for a knife embossed with a golden eagle, he knows he can easily have it and that price is no object. However, when the handle is sculpted from horn from an Aubrac bull, and the golden eagle is also hand-sculpted, the knife then becomes a unique object, for example a knife made of coral for an Arabian

prince with an oyster which opens and closes with the blade revealing a black pearl. Our personalised approach which highlights the profession's *savoir-faire* has enabled us to attract an exceptional clientele including royal families, and millionaires for whom we create collectors' items.

A strategy based on trust

'How much does it cost ? How long will it take ?' I do not really take these sorts of questions seriously. As far as I am concerned, a company's priority is not to make money, but to generate jobs. And it works ! In 2007, the Forge had 70 employees, and was losing the equivalent of 15 % of its turnover. In 2012, we have 102 employees, and our turnover is growing. I cannot say that it has been easy because in 2009 we had to introduce a redundancy plan and sack 52 people as a result of the intensity of the economic downturn sparked by the subprime crisis. However, we have been able to take back 16 of the 19 employees we had to sack.

Currently, we are in the middle of an upbeat period and even though I do not really have the time to work on the company's strategy, I think that we are well ahead in the race for innovation. By increasing the number of collaborations with research laboratories, we have, for example, developed a technology which allows beech wood to be washed in a dish-washing machine, and we are currently working on laser fusion to engrave knife handles. However, we do not concentrate just on innovation in our products. In order to improve the well-being of our employees and our production efficiency, we have made in-depth studies about the psychological impact of noise, so that now there are only 'useful' noises in our workshops. Using the results of this analysis, we want to develop an original workshop for tourists, who, before entering the factory will discover the manufacturing cycle of our knives in the dark and be guided by noise and smell. People who work in the company or visitors are free to move around the premises, and can even go into my office. I am the person who takes most of the decisions regarding the future of the company, and I have nothing to hide. This is a logical consequence of the relationship of trust which I try to establish on a daily basis with my employees and clients.

Made in France : a knife fight

Even though our company is a working example of the fact that it is possible to manufacture in France, to use raw materials sourced in France, and to create jobs in France even in the current difficult competitive economic environment, there are still certain factors which shock me. Is it really possible that at one of the most recent agricultural fairs in France, a producer of Pakistani knives was able to set up his stall with the sign 'Coutellerie de France' ('Cutlery works of France') ? The answer is 'yes'. French law does not define the 'made in France' label and as a result, leaves the field open to any imitations thereby preventing any possible legal action on the part of those who fight to keep French jobs. In reaction to this situation, we have worked with the office of the secretary of state Frédéric Lefebvre to try to make it necessary to show on the product where it was made. Such procedures already exist for food products and so the same needs to be done for manufactured products. A motion was presented to the French National Assembly, but the law was amended in the Senate. The presidential elections in May 2012 then interrupted any further developments.

What does this demonstrate ? It suggests that many small companies spend a great deal of time creating and producing and their efforts come to nothing. This is the result of excessive production and consumption which is pointless and, worse still, as a result of this, jobs are cut day after day. At Laguiole, as we have shown with the manufacture of high quality knives, we can make a stand against mass production and mass consumption and continue to manufacture in France and to generate jobs in France. What is need is a change in thinking.

DISCUSSION

Common sense

Question : *Nowadays many managers seem snowed under. You, on the other hand, seem to control everything with great efficiency. How are your days organised ?*

Thierry Moysset : For the first two years, I worked at weekends and I did not take any holidays. As a result, I saved a lot of time. More importantly, my team and I are involved in a large number of projects which motivate us. This is a driving force. Of course, sometimes it looks like complete chaos, ultimately isn't it the same in a large group ? It is often much the same but without the personal commitment of people as the momentum does not come from them, it is imposed on them by other people.

Q. : *I get the feeling that I am sitting in front of a magician. You seem to be able to be everywhere at the same time. How do you manage that ?*

T. M. : Firstly, time is never a problem ; the only problem is money. With the arrival of the Internet, no matter what the distance, communication is no longer a problem and because of air travel, I can be with clients or important partners in a matter of hours. When people talk about having a problem with time, it is because they do not want to do something. Secondly, I have the advantage of having been assisted for the last twelve years by Jérôme Gras. When I am in Laguiole, he is not, and vice versa. This way of functioning is one of the keys to our success.

Q. : *Your story reveals several dichotomies. Firstly, it is the story of a small business in a country where there are large groups. Secondly, it is the story of rural life compared to urban living. But most importantly, is it not the story of a man who, rather than being concerned about what is going on in the world, relies on his intellectual capacities and his grasp of a particular situation ? Does this mean that you only trust yourself ?*

T. M. : You are not far from the truth. It is true that I am very perceptive. As for only trusting myself, this is undoubtedly true as well. But I can certainly justify this because of my experience, and explain it as a result of having had problems when delegating responsibility. Every company manager, regardless of the size of the company, is faced with these sorts of problems.

After me, there will be someone else

Q. : *Your account is fascinating, but I wonder what will happen after you are no longer with the company...*

T. M. : I am not very worried about what will happen when I am no longer with the company. The problem is that at engineering school, there is no way of passing on either the enthusiasm for a particular profession, or for people, or the desire to be an entrepreneur. As a result, small and medium-sized enterprises (SMEs) are very inward-looking, and companies are handed down from father to son, with no external influence. This is a worrying trend which sets us apart from the German situation where young graduates – who are engineers, but often doctors too – are encouraged by universities and companies alike not to waste any time starting their careers in small companies, thereby breathing new life and bringing in new talent to such companies. We should invent a mentoring system between SMEs and large groups.

Q. : *What does your age pyramid look like ?*

T. M. : Our age pyramid is a nightmare. It is very simple : the people who started in 1985 are now twenty-five years older. To try to change this, we have started forward planning of employment and skills with the GRETA (a group involved in vocational training). It is a real

challenge because France has lost two professions, forging and metalworking. We are the only French company left which forges our own blades and uses French steel. We cannot lose these skills.

Q. : *What do you do to attract young people ?*

T. M. : Obviously, if someone wants to work for us they must realise that they will be working for the leading cutlery manufacturer in France. But they will also be living in Laguiole. Thus they have to be attracted by this sort of lifestyle, enthusiastic about hunting, fishing, hiking or mountain-biking, for example. I think that country life today has everything going for it to attract people. It takes five minutes to get to work by car ; there are no traffic lights ; and no speed traps either. It is true that we do not have a theatre, but when was the last time that you walked barefoot in the grass ? Have you ever had a picnic at lunchtime next to a river before going back to work in the afternoon ? And, how large does a salary have to be now to live comfortably in a city ? If one lives in Laguiole, one does not even have to face all the problems associated with living in enormous French cities, where people take hours to commute to work, and where town centres are merely monotonous commercial franchises.

Q. : *Do you think that your success could be reproduced elsewhere in France ?*

T. M. : Yes, SMEs involved in establishing businesses in rural areas have a future. Employees and consumers alike are looking for values which have a reputation for authenticity and trust. Unfortunately, this is not the norm. The State is continuing to centralise public services on the pretext of making savings. However, cost is not the reason that post offices or banks in small villages should be closed down. Relieving traffic in large cities and repopulating rural areas is one of the ways to resolve some of the important social and environmental problems. As for large companies, they have everything to gain from setting up subsidiaries in rural areas where traditional values are preserved and the situation helps companies to make savings.

Trust is the key

Q. : *Can you talk about your distribution networks ? Why do you develop your own network of shops ?*

T. M. : Having our own shops has several advantages. Firstly, they are property assets which increase our equity. Secondly, it is a unique opportunity to attract the consumer into our world. We make sure that each shop in each town is different and unique. Finally, it is a very lucrative sales channel because we make savings on retail margins. On the other hand, we do not have a website because we do not want to compete with our partners.

Q. : *What sort of relations do you have with your external partners ?*

T. M. : I think it is essential to confer with people both inside and outside the company, and to keep them informed. I think that my role is to bring my team and my partners together. I have no hesitation in putting a lot of energy into the company and inventing all sorts of ways of creating ties with our employees. No designer has ever worked for us without first coming to Laguiole. Only if they come to Laguiole can they discover what it is really like to make a knife, and how difficult the process is. This also allows the teams to get to know the designers with whom they will work. It is a technical necessity, but also a source of pride. Our employees do not make a knife designed by Philippe Starck ; they make Philippe's knife. It is evident that because there is a climate of sharing and trust, one's approach to work is good. However, I do have one rule : anyone who lies is shown the door.

There are no secrets

Q. : *You are in the luxury goods sector, but surprisingly you do not have the same margins as other companies in this sector...*

T. M. : In fact, unlike others in the luxury goods sector, I think that we really make authentic items. We produce exceptionally high-quality knives in France. Do you know of any companies in the luxury goods sector which still have tanneries, or make spectacles and employ French labour ? If these companies have larger profit margins it is because they manufacture abroad in countries with lower costs. I could do the same and have everything made in China, and then I would have amazing margins too.

Q. : *A blind man always has a cane. What is the legal structure of your business ? Have you ever considered making it a cooperative ?*

T. M. : I would love to create a SCOP (société coopérative de production : a production cooperative company), but there are several prerequisites : the company must be profitable, it should be 'on track', and the employees must trust the company. Having said that, I am not sure that the cooperative method is the optimal system because I am always a little wary of collectivist tendencies. Currently, the company is made up of two limited liability companies, one for the forge and the other for retail. These companies come under a public limited company which acts as a holding company.

Q. : *There is always a 'dark side of the Force'. Are there other people such as your partners, bankers, clients or employees, who refuse to play your game ?*

T. M. : When I bought the company, our banker was so financially involved that he had to play our game. However, generally speaking, I should not complain. As far as designers are concerned, we are in a sort of virtuous circle which means that they come to us. However, we have noticed that sometimes our younger employees give the impression that they have no work ethic. But perhaps we are at fault because we gave priority to those with university degrees rather than to those in the professions, and now we are paying the price. Our main problems are the ever-increasing number of imitators, and the State, which does not make it easy for us to take them to court.

If only the State made the law

Q. : *What do you think about state financial aid for development ? Does your company receive any help ?*

T. M. : When I bought the company in 2007, I contacted Oséo which offers financing for SMEs. Do you know what they said to me ? 'We do not help companies which are – or have been – in receivership for the past two or three years.' That is like saying that you are a doctor who does not want to see patients ! Today, Oséo is helping us even though I no longer need their help.

That is not all. When I could afford to buy a company (a lamp manufacturer), nothing was done to help me. I contacted the bankruptcy court who told me that I had twenty days to get my application ready. We worked like crazy, and we made the deadline, but we needed a further six days to get an agreement from the bank. In the end our application was rejected. What do I think was the real reason ? A receiver makes money when companies go bankrupt, but does not make any money when a new owner is found. This is why hundreds of people are unemployed today. I think that these two examples illustrate the situation. We are really coming to the end of how society works. It is about time that everything stopped and fell apart, so that we can start again on a different footing.

Q. : *You have a very clear political vision. Are you thinking about going into politics ?*

T. M. : It is no secret that I find political debates deplorable, and politicians' egos over-inflated. I think it would be a good idea if people who have a clear idea of what should be changed went into politics. But I would have great difficulty if I had to stand for only one party. Imagine how people would react if, when asked, I replied that I was both a communist and a liberal !

In my opinion, I do not think that the State exists to provide companies with financial aid or to help them in any other way. Its role is to create the framework, to devise good laws, and not to forget to sign the authorisation at the end ! Today, there is an urgent need to pass laws on certain subjects (such as standards), which have become excessively extreme. On a different level, the Customs Code, which is designed to tax imports, has become totally obsolete. And because the processes to change the system do not exist, it is left to us, the entrepreneurs, to go to find members of parliament who will push for action.

Presentation of the speaker :

Thierry Moysset : in charge of sheet metal manufacture and then sheet metal engineering at Peugeot's Sochaux factory from 1991 to 1997. From 1997 to 2000, he worked for Alcatel, and was responsible for the implementation of a 'progress plan', the closing of an Alcatel site and the re-opening of work in a new location. He was the director of the site of an aeronautical company from 2000 to 2002, and from 2002 to 2007, he managed the Ameublement Cauval . In 2007, he took over the Forge de Laguiole.

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