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## René Caovilla Eyes IPO, Plans to Add Bags, Jewelry

Caovilla reckons the company's sales will rise to nearly 50 million euros this year, but must reach a minimum of 100 million euros before it can start the IPO process.

By [Emily Backus](#) on April 18, 2016



René Caovilla Fall 2016

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**MILAN** — Venetian luxury shoemaker René Caovilla has set its sights on an initial public offering within the next three to four years, said Edoardo Caovilla— a third-generation executive of the family-owned company that was founded in 1934 and is known for extravagantly feminine, light, crystal studded styles.

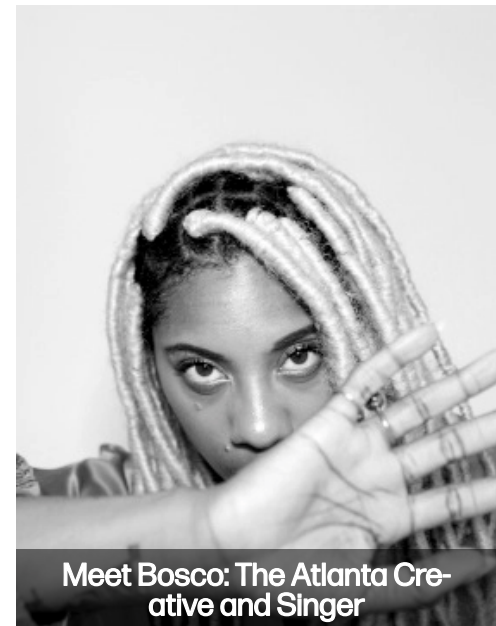
“We are receiving all the proposals from different boutique financial advisers,” said Caovilla, seated at a stately, mirrored desk etched with arabesque swirls in his office here with plate-glass walls and panoramic views over downtown rooftops.

“Many times stock market flotations are made for financial purposes. In our case, the financial motivation is the last of the reasons,” emphasized the 38-year-old chief operating officer and creative director. “A listed company is a longer-lived enterprise because there are parameters that guarantee a certain quality of work. It is a company that can attract the best managers. Also, the listing brings visibility and visibility is something that, for our company, has always come after the product.”

Caovilla admitted there were personal reasons, too. There is no guarantee that the fourth generation — including his own three small children — will want to carry the brand forward. He hopes for some respite from 10 to 15 hour workdays year round. He also looks forward to receiving funds from an IPO and, he hopes, the opportunity to develop a charity in Africa — a dream with roots in a trip he took at age 16 with his maternal grandfather to provide prostheses for polio victims on the continent.



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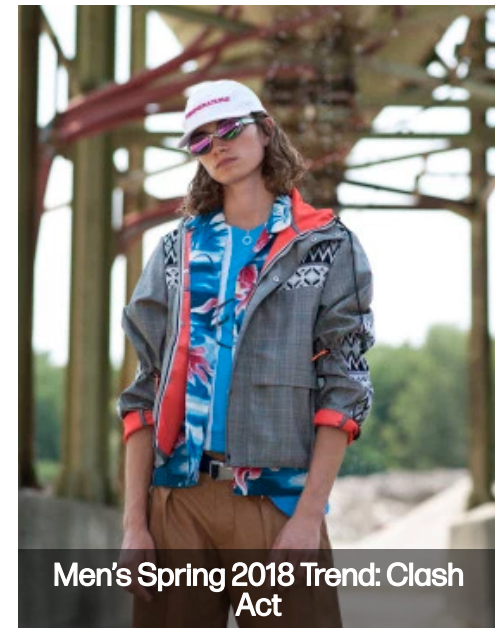
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In the six years since Edoardo Caovilla joined the company, turnover has risen by 30 to 35 percent annually, quadrupling from less than 10 million euros, or \$14 million at current exchange, in 2010, to nearly 40 million euros, or \$45.6 million, last year, making Italy's second-oldest luxury shoe brand after Salvatore Ferragamo a fast-growing, emerging player on the market.

Caovilla recounted how his father, René Caovilla, worked passionately for more than five decades to develop what began as “a little workshop, almost an idea” founded by his grandfather, also named Edoardo. René Caovilla studied design in Paris and London, took the helm of the firm in the Sixties, and established a signature product at the top of the luxury market. He collaborated with designer Valentino Garavani and fashion houses Christian Dior and Chanel. The younger Edoardo instead studied financial economy and worked for roughly a decade in corporate finance, international trade with China, private equity and the energy business before being appointed chief operating officer in 2009 and creative director in 2012.

Caovilla said his background in corporate finance has enabled him to approach his chief operating officer's role schematically, identifying the drivers of growth, analyzing costs, creating new systems and now paving the road to stock market flotation.

“I know how to reach that level. And then we will take on an adviser to help us raise it to the best practice in the market,” he said.

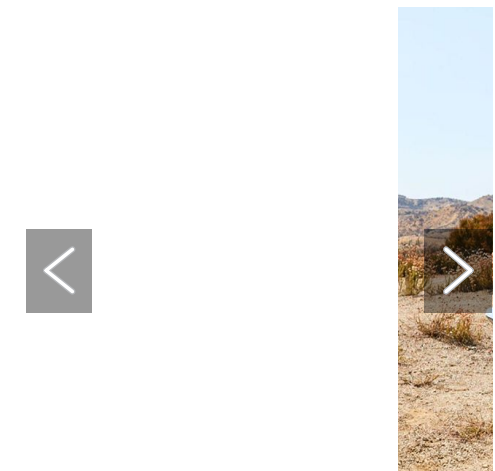


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The firm is in the process of implementing “the second evolution” of management control to monitor operations, he said, adding more financial procedures and recruiting top-tier executives to flank him: a chief financial officer and a head of commercial development.

Asked how he balances being both chief operating officer and creative director, Caovilla said he had benefited from exposure to the business from childhood, long hours of practice, and studying the secrets of best-selling styles. “When I am designing, I draw out the part of me that is Italian,” he said.

Caovilla said being under 40 has positioned him closer to the brand’s emerging clientele, both in age and sensibility. He has added a range of daytime, casual and contemporary choices to the brand’s signature red-carpet-worthy evening and eventwear, like fancy sneakers, gladiator sandals and espadrilles.

Caovilla reckons the company’s sales will rise to nearly 50 million euros, or \$57 million, this year, but must reach a minimum of 100 million euros, or \$140 million, before it can start the IPO process. He said the company needs a market capitalization of at least 500 million euros, or \$570 million, at the moment it debuts on the bourse.

He expects to reach the needed sales target “very, very fast.”

According to Caovilla, the company plans to open 36 stores over the next four to five years: 12 in China; five between Hong Kong and Southeast Asia; 11 in the Middle East; three in South America, and five in the U.S. Sales per store generally are 2.3



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million to 3.5 million euros, or \$2.6 million to 4 million, annually, but see peaks of 5 million to 6 million euros, or \$5.7 million to 6.9 million, he said. Even if all other sales remained steady, the company could far exceed its turnover goal just with its planned store openings.

The company is also aiming to expand its product range. Beyond [shoes](#), the next frontier will be bags, to debut in spring 2018, and costume jewelry, due in spring 2019.

According to Caovilla, the lion's share of growth in recent years has happened through wholesale accounts and franchising. Total company revenues are evenly split among direct retail, wholesale and franchising, he said, and are geographically well-distributed across the Americas, the Far East, Europe and the Middle East.

Caovilla said that 20 percent of sales already occur through online channels, be they department store Web sites such as Saks Fifth Avenue and Neiman Marcus or e-tailers like Yoox. The René Caovilla company is redeveloping its own e-commerce Web site which is scheduled to launch in November.

Another advantage René Caovilla has is its factory in the outskirts of Venice. In the last six years, the company has needed to scale up from producing 20,000 pairs annually to 120,000 pairs a year. In 2009, there were 20 aging master craftsmen with an average age of over 60, according to Caovilla. Now there are more than 100 people in production, and the average age has dropped to under 40.



shoes

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