Chapter 12
The Role of the Founder’s DNA throughout Crisis: The Revitalization of Moncler

Piergiorgio Re  
University of Turin, Italy

Chiara Giachino  
University of Turin, Italy

Bernardo Bertoldi  
University of Turin, Italy

Marta Minopoli  
ESCP Europe, Italy

ABSTRACT

In this chapter the authors analyze the Moncler case using concepts link to the family business world. In the luxury industry family businesses are existing entities with a strong DNA created by a founder leader and guided by his vision across generations; the strong link between the founder’s DNA, the company and the customers implies a high level of influence on how resources are managed and, consequently, it changes dynamics and results. In the rapid changing luxury industry’s business environment it is necessary for the companies to maintain the DNA’s heritage. To succeed it is necessary to innovate and to remain linked to the root of the past through innovation and evolution. Moncler perfectly shows how - from the successful vision of the founder to a deep crisis - is possible to reach a second life (with a new re-founder) appealing to the original values and DNA of the company.

INTRODUCTION

Family businesses represent a very important part of many Countries’ economic and social scenario (Shanker & Astrachan, 1996; Venter et al., 2005; Lee, 2006). In fact, they are the most common type of ownership structure and company management in the whole world and they often show better performance than public companies (Anderson & Reeb; 2003; Barontini & Caprio, 2005; Lee, 2006; Villalonga & Amit, 2006; Cucculelli & Micucci, 2008).

However, they tend to have a shorter life span and to remain small in size all along: only 30 percent of businesses reach the second generation and a mere 15 percent gets to the third (Matthews et al., 1999;
Ibrahim et al., 2009). These studies on family businesses seem to confirm the famous saying *the first generation builds the business, the second enjoys the wealth, and the third loses everything.*

In 1989 Handler stated that *defining the family firm is the first and most obvious challenge facing family business researchers* (Handler, 1989). Since then, researchers, academics and experts in the field have tried to provide a number of definitions that have changed in time. However, as of today, there isn’t a universally shared and widely accepted definition of a family business (Littunen & Hyrsky, 2000). For example, Astrachan & Shanker (2003) offered three definitions of family businesses:

- **A Broad Definition**: It includes those businesses where a family controls the strategic direction of the firm, and also participates in the business;
- **A Middle Definition**: Additionally, the business is run by a founder or descendant, and is intended to remain in the family;
- **A Narrow Definition**: It adds the extra criteria of multiple-generation participation in business, and more than one member of the owner’s family having management responsibility.

On the other hand, Villalonga & Amit (2009) proposed different definitions of family businesses: *Founder or founding family owned firms*, where *the founder* is the largest shareholder among those individuals who are identified as founders in at least two public sources; *Founding family owned and manager firms*, which restricts the first definition in two ways by including only those firms that are: in their second or later generation and family managed (i.e., those whose CEO is the founder or a member of the founding family); *Individual or family controlled firms*, where the definition of *family* is extended to include not only founding families but also individual investors or families that are not (related to) the founder; *Family controlled and managed firms*, which is the intersection of the second and third definitions, namely, second- or later-generation firms whose CEO is an individual block holder or a member of a block holding family (founding or non-founding).

If it is difficult to define and understand what a family business is and the notion of luxury is not easier to define too, mainly because it is a subjective and multidimensional construct. Key components are a strong element of human involvement, very limited supply and the recognition of value by others (Cornell, 2002). Research regarding the definition of luxury is limited and previous studies have demonstrated a lack of clarity with regards to what are the key attributes of a luxury product (Casaburi, 2011).

The word *luxury* derives from the Latin word *luxus* which means soft or extravagant living, indulgence and sumptuousness, luxuriousness, opulence (Oxford Latin Dictionary, 1992). Considering its etymology, it implies difference or distance. These meanings are particularly consistent with the belief that consumers can distance and differentiate themselves from one another through the purchase of luxury goods, due to the emotional value that such a purchase conveys (Catry, 2003).

As stated by Dubois and Czellar (2002), it is important to distinguish between the word *luxury* and the word *prestige*. They are often used as synonyms, but in reality they cover different domains in the consumers’ mind. On one hand, prestige is a positive evaluative judgement that consumer form towards products or brands; it can be influenced by accomplishment inherent to the brand or by prestige symbols associated with the brand. On the other hand, luxury is linked to perceptions of comfort, beauty and a sumptuous lifestyle; at a symbolic level, consumers can interpret luxury as the prestige symbol of the brand. Therefore, prestige involves purchasing a higher-priced product to embellish one’s ego, whereas luxury involves purchasing a product that represents value to both the individual and the significant others (Vigneron & Johnson, 2004).