Shakeup at Versace: Akeroyd Named CEO, Ferraris Out

By SAMANTHA CONTI and LUISA ZARGANI
with contributions from VICKI M. YOUNG


Jonathan Akeroyd

Versace is going through a management shake-up that could signal a deeper involvement of The Blackstone Group, which took a 20 percent stake in the Italian luxury firm in 2014. According to sources, the private equity fund may be stepping in to steer the next phase of the brand's development eying an initial public offering in the next few years.

As reported, Jonathan Akeroyd is Versace's new chief executive officer, succeeding Gian Giacomo Ferraris. Market sources in Milan believe Ferraris was asked to leave. Sources said the change wasn't instigated by Blackstone, and could have resulted from a clash of wills between Ferraris and Donatella Versace. These sources said the change was approved by the Versace board, on which Blackstone has a seat.

In an interview with WWD on Monday, Akeroyd said he was joining Versace for a number of reasons, including the brand's scale, international recognition — and designer Donatella Versace.

"She has a really contemporary vision for the brand and a massive eye for talent. Very few brands have that combination of heritage and being so progressive," he said.

For her part, the designer said of Akeroyd: "Jonathan brings a perfect blend of innovation, industry knowledge and creative brand building in many of the areas that are important to Versace. He is a strong and savvy brand builder with deep roots in retail, men's wear and licensing which will be important to the company as we increase our global reach. His experience building contemporary brands is also very simpatico with Versace's desire to continue to stay relevant with younger audiences." Akeroyd will join the company on June 6.

He added that he likes teaming with creatives — such as the late Lee Alexander McQueen and Sarah Burton — "getting involved and going on the journey."

"I really enjoyed partnering with Lee and Sarah, and I became very, very close with Sarah over the years. I am so excited to have an equally strong partnership with Donatella."

As reported earlier this year, Versace is edging toward an IPO — but there's still no firm time frame.

"Nothing has changed," said Ferraris at the time, after the fashion house reported double-digit growth in profits and sales for 2015. "The process has started, the company is working on the compliance and integration of systems, with incredible investments and preparation to be found ready when the time comes."

He reiterated the three- to five-year time frame first cited in 2014, highlighting the two main elements to take into account: The shareholders — led by the Versace family and Blackstone Group, which owns 20 percent — andthe market, "which has frozen even the more vigorous."

Versace's own stores are increasingly becoming the engine behind the brand's growth, as shown by itsperformance last year. Last year, earnings before interest, taxes, depreciation and amortization rose 19.9 percentto 81 million euros, or $89.1 million.

The Milan-based group saw revenues increase 17.5 percent to 645 million euros, or $709.5 million. Retail sales were up 28.9 percent to 400.7 million euros, or $440.7 million.

Dollar figures were converted from the euro at average exchange rates for the periods in question.

Akeroyd proved to be a steady pair of hands during his 12-year tenure at Alexander McQueen, guiding the company through a rollercoaster of highs and lows, most importantly shepherding it through the suicide of Lee Alexander McQueen in 2010.

Not long after McQueen's death, there was more drama at McQueen — albeit more positive. Kate Middleton tapped the house's new creative director Burton to design what would become the most famous wedding dress inthe world for her marriage to Prince William in 2011.

When those shows were over, Akeroyd and Burton presided over a robust international retail rollout that stretched from Savile Row to China and saw the unveiling of a new shop concept under David Collins Studio.

Most recently, Akeroyd helped launch the house's first new fragrance for more than a decade, McQueen Parfum,and the foundation of a new "fragrance house," with license partners P&G Prestige Beauty.

"We're big enough to launch something really special and make it a success as well," he told WWD before the launch in February. "The brand awareness is very high, and when you enter into this market you need strongbrand awareness."

Asked about his work going forward at Versace, Akeroyd said: "They've done an incredible job over the last threeto four years, and my priority now is to get a handle on the business, get involved and increase the momentum. There is a huge amount of ambition from the Versace family and from Blackstone, and Blackstone is definitely is line with the family's vision."

He said he'd be having a look at Versus and its contemporary positioning, and the core Versace brands, which he described as "strong."

Although he did not talk about the planned IPO, Akeroyd will be no stranger to working with big personalities — and public companies. He was a merchandising director at Harrods for more than a decade when Mohamed Al Fayed was the owner, and later took up the job at McQueen not long after it was acquired by the publicly listed Kering Group (then PPR), working closely with the mercurial McQueen in the years before his death.

But the abrupt departure of Ferraris from Versace caught observers by surprise, including those close to the Milan fashion house. Armando Branchini, deputy chairman of Milan consultancy InterCorporate, said he was "stunned. Ferraris did an extraordinary job" at the company.

"Gian Giacomo Ferraras has done a great job in realigning the company to prepare it for very ambitious goals," Donatella Versace told WWD. "Jonathan Akeroyd is a man of long term strategies, who knows the market very well, and has a good sense for what the modern, cool customer wants."

While the general consensus is that Ferraris was instrumental in turning around the company since his arrival in 2009, one luxury analyst pointed out that financial results in the second half of last year and the first months of 2016 were below targets of Versace's industrial plan. "Results last year were sweetened by the exchange rates, but not anymore," said the analyst.

One source, however, said he'd be "really surprised if Versace let Ferraris go on the back of a few slower months after he's more than doubled sales since his arrival. I think this may be only the first step in a shakeup or evolution of the company."

The source speculated Ferrari's exit could mean a stronger involvement of Blackstone in the fashion house's management. "They could be thinking of pairing Donatella Versace with a designer, perhaps Riccardo Tisci, in light of how close they are. She could be more of the soul and image of the brand," said the source.

Ferraris, a former Jil Sander and Gucci executive, succeeded Giancarlo Di Risio and his five-year tenure, in 2009 and launched an extensive reorganization plan aimed at returning the company to profitability in 2011.

At the time, the company was expecting sales of 273 million euros, or $405.6 million, and an operating loss of 30 million euros, or $44.6 million, and Ferraris set in motion a cut of 25 percent of its workforce, or around 350 jobs. He sought to rationalize costs by streamlining such non-core operations as the logistics department to create a more flexible structure. Ferraris also shuttered the three-year-old Burago accessories plant for greater efficiencies, moving the production into Versace's historic clothing factory in Novara.

In 2010, Versace swung back to profit ahead of the 2011 date that had been forecast, and started setting its expansion. In 2011, the company posted earnings of 8.5 million euros, or $11.8 million, compared with a loss of 21.7 million euros, or $28.6 million, in 2010. Revenues rose 16.4 percent to 340.2 million euros, or $472.6 million. The company embarked on a retail expansion around the world, re-entered Japan, and returned to the couture schedule after pulling out in 2004. At the time, Ferraris noted that the Versace Atelier, which counts 25 to 30 seamstresses, escaped restructuring cuts he activated when he joined the company in 2009, because he believed this division is what makes Versace "distinctive."

Talks about a possible Versace IPO have surfaced repeatedly over the years, as the family was pursuing that plan until Gianni Versace's tragic death in 1997. In 2004, Versace took initial steps in that direction, appointing Lazard and Credit Suisse First Boston to find a minority investor with the eventual plan to take the company public. But the project fizzled. In 2006 and 2007, the Bourse once again emerged as a possibility for the company, until it hit a rough patch in the following few years.

In 2014, Versace selected Blackstone Group as the partner to help grow the brand globally. The New-York based fund was one of the three investors that had made the short list, together with global private equity firm CCMP and Investcorp, according to market sources.

Blackstone bought a 20 percent stake through a capital increase of 150 million euros, or $205.8 million, and acquired shares for 60 million euros, or $82.3 million. The deal valued the company at 1 billion euros, or $1.38 billion, to accelerate its development with the goal to publicly list the firm in three to five years.

As reported at the time of the sale, Ferraris said he hoped for Versace to reach global sales of 800 million euros, or $1.09 billion, in three years.

The Italian fashion firm was looking to sell a 20 percent holding to finance future growth. Siblings Santo and Donatella Versace, who hold a 30 and 20 percent stake, respectively, and Donatella's daughter, Allegra Versace Beck, who owns 50 percent, wants to maintain control over the company. This is the first foray into luxury for Blackstone, which has invested in Crocs Inc.

Rumors about a possible sale of Versace emerged in 2012 when the group tapped Goldman Sachs and Banca IMI to evaluate growth opportunities. Ferraris had set a target for a possible initial public offering: when the company hits sales of 500 million to 600 million euros, or $676 million to $811.2 million.

In 2014, Donatella Versace and her daughter Allegra Versace Beck linked their 20 and 50 percent stakes, respectively, in GiVi, the holding company that controls Gianni Versace SpA, while chairman Santo Versace, with his 30 percent holding, has the right to sell his shares upon the initial public offering, which is expected in three to five years.

The heirs of Santo Versace have the right to sell their shares to Donatella and Allegra Versace, but the latter two could also directly ask to buy them.

Blackstone has one seat on the board of GiVi to protect its investment, especially if there are changes in the shareholding. At the time, it was reported that if Santo Versace and/or Donatella and Allegra Versace sell more than 50.01 percent of their shares, the other shareholders have the right to sell all — and not only a part — of their shares at the same price.

Following the deal, Blackstone was to inject 150 million euros, or $208.2 million, of fresh capital into the company and to acquire 60 million euros, or $83.3 million, in stock from GiVi Holding SpA.