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CAMERA DI
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Bocconi

*AIDAF-EY Chair
in Strategic Management
of Family Business
in memory of Alberto Falck*

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The AUB Observatory Report on Italian Family Firms

Focus on the fashion industry

May 2019

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1. Family firms: definition and key characteristics
2. Family firms in Italy: an overview
3. Family firms in the fashion industry in Italy

Family Business: A working Definition

A family business is a synthesis of:

- Ownership control (% of voting shares) by two or more members of a family or a partnership of families related by blood or marriage
- Strategic influence by family members on the management and/or governance of the firm
- Concern for family relationships
- The possibility/commitment to continuity across generations (“We do not intend to sell: our business is not a financial asset”)

What is specific of family firms?

(Relatively) Limited number of owners positive or negative impact on decision-making speed?
Strong interpersonal relations: “You cannot fire your brother (as brother!)”	... positive or negative impact on decision-making processes? Positive or negative impact of history?
Multiple roles played by one or more shareholders: Family member + Owner + Member of the Board + Manager difficulties in managing role diversity?
Large share of personal wealth invested in the business obstacles to owners’ exit? Effect on innovation and risk-taking?
Centrality of history, tradition, and transferred values positive or negative impact on business decisions and performance?
Close relationship with local community impact on business competitiveness and local community?

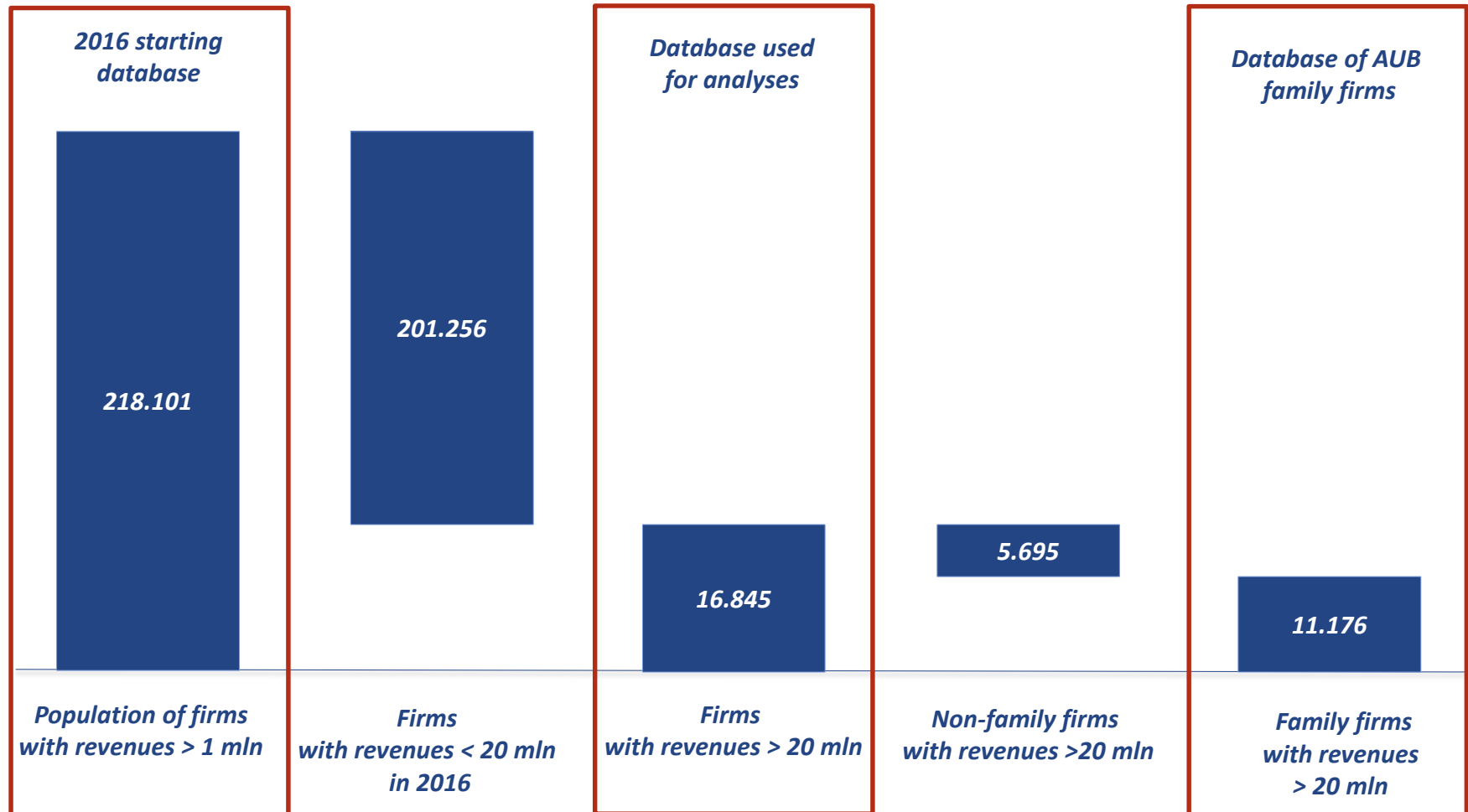
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>50% of voting shares owned by one family (or two families related by blood or marriage)

>25% ... if the company is listed on the Stock Exchange

The starting population is composed by all active firms with revenues > 1 mln € in the fiscal year 2017



OWNERSHIP STRUCTURES	Small *		Medium-large **		Total	
	N	%	N	%	N	%
Family Firms	6.579	70,9%	4.597	60,8%	11.176	66,3%
Branches of foreign companies	1.305	14,1%	1.686	22,3%	2.991	17,8%
Cooperatives and Consortia	526	5,7%	409	5,4%	935	5,6%
Coalitions	416	4,5%	292	3,9%	708	4,2%
State/Local authorities	283	3,0%	323	4,3%	606	3,6%
Controlled by Investment Funds/ PE	115	1,2%	184	2,4%	299	1,8%
Controlled by Banks/Insurance	43	0,5%	63	0,8%	106	0,6%
Others ***	16	0,2%	8	0,1%	24	0,1%
Total	9.283	100,0%	7.562	100,0%	16.845	100,0%

(*) Small: firms with turnover between 20 and 50 million euros at the end of 2016 (Source: Aida).

(**) Medium-large: firms with turnover higher than 50 million euros at the end of 2016 (Source: Aida).

(***) Public companies or controlled by foundations.

The AUB population by size

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■ Family ■ Non Family

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OWNERSHIP
STRUCTURES

Fashion industry

Other industries

	Fashion industry		Other industries	
	N	%	N	%
Family Firms	380	79,8%	10.796	66,0%
Branches of foreign companies	66	13,9%	2.925	17,9%
Cooperatives and Consortia	0	0,0%	935	5,7%
Coalitions	10	2,1%	698	4,3%
State/Local authorities	0	0,0%	606	3,7%
Controlled by Investment Funds/ PE	20	4,2%	279	1,7%
Controlled by Banks/Insurance	0	0,0%	106	0,6%
Others ***	0	0,0%	24	0,1%
Total	476	100,0%	16.369	100,0%

(*) Small: firms with turnover between 20 and 50 million euros at the end of 2016 (Source: Aida).

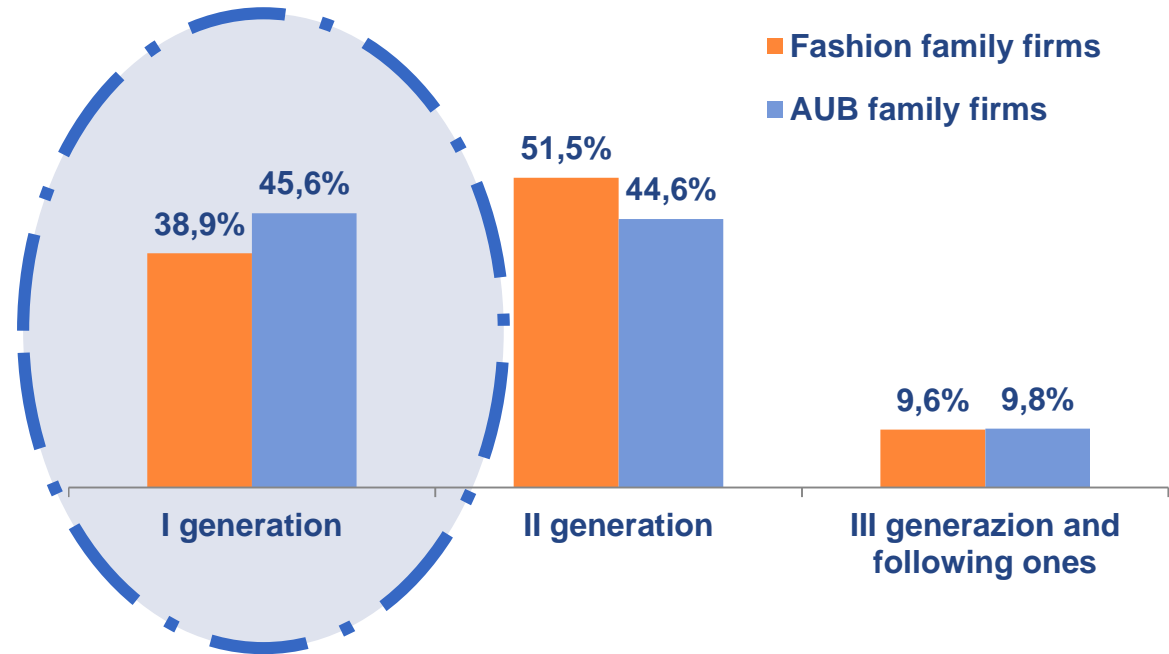
(**) Medium-large: firms with turnover higher than 50 million euros at the end of 2016 (Source: Aida).

(***) Public companies or controlled by foundations.

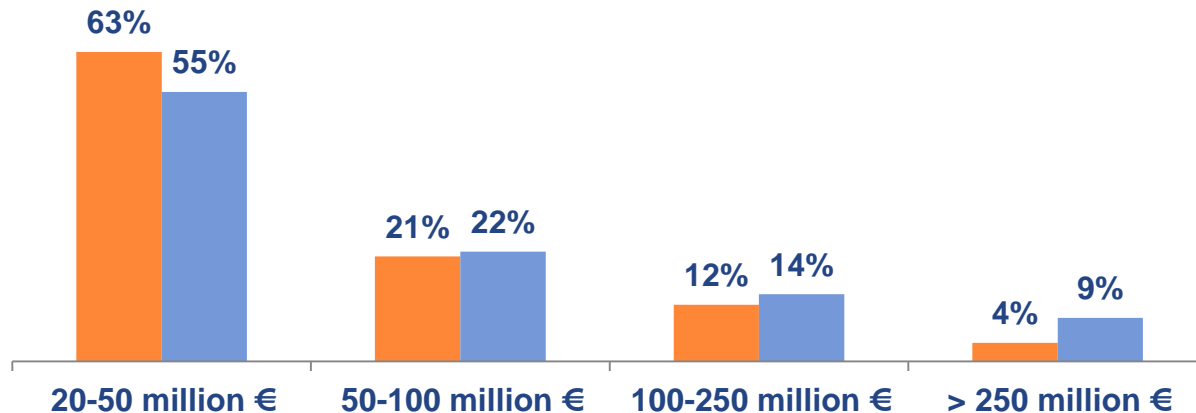
Examples of the 380 family firms in the fashion industry

<i>FAMILY FIRM</i>	<i>TOWN</i>	<i>TURNOVER</i>	<i>FAMILY</i>
<i>TOD'S S.P.A.</i>	<i>Fermo</i>	<i>1.004.021</i>	<i>DELLA VALLE</i>
<i>SALVATORE FERRAGAMO S.P.A.</i>	<i>Firenze</i>	<i>991.272</i>	<i>FERRAGAMO</i>
<i>MAX MARA S.R.L.</i>	<i>Reggio Emilia</i>	<i>900.763</i>	<i>Maramotti</i>
<i>GOLDEN LADY COMPANY S.p.A.</i>	<i>Mantova</i>	<i>245.612</i>	<i>GRASSI</i>
<i>MANTERO SETA-S.P.A</i>	<i>Treviso</i>	<i>128.738</i>	<i>POLEGATO</i>
<i>MARZOTTO WOOL MANUF. S.R.L.</i>	<i>Vicenza</i>	<i>187.285</i>	<i>MARZOTTO</i>
<i>STAFF INTERNATIONAL S.P.A.</i>	<i>Vicenza</i>	<i>127.202</i>	<i>Rosso</i>
<i>LANIFICIO BARBERIS CANONICO</i>	<i>Biella</i>	<i>91.244</i>	<i>BARBIERI</i>
<i>CONCERIA GI. ELLE. EMME. S.P.A.</i>	<i>Pisa</i>	<i>61.316</i>	<i>LAPI</i>
<i>FILATURA PAPI FABIO S.P.A.</i>	<i>Bologna</i>	<i>76.017</i>	<i>PAPI</i>
<i>COTONIFICIO ALBINI S.P.A.</i>	<i>Bergamo</i>	<i>73.032</i>	<i>ALBINI</i>
<i>BOTTO GIUSEPPE E FIGLI - S.P.A.</i>	<i>Biella</i>	<i>20.611</i>	<i>BOTTO POALA</i>
<i>RUBELLI S.P.A.</i>	<i>Venezia</i>	<i>54.960</i>	<i>RUBELLI</i>

In the fashion industry there is a lower percentage of founder family firms than in the AUB Observatory

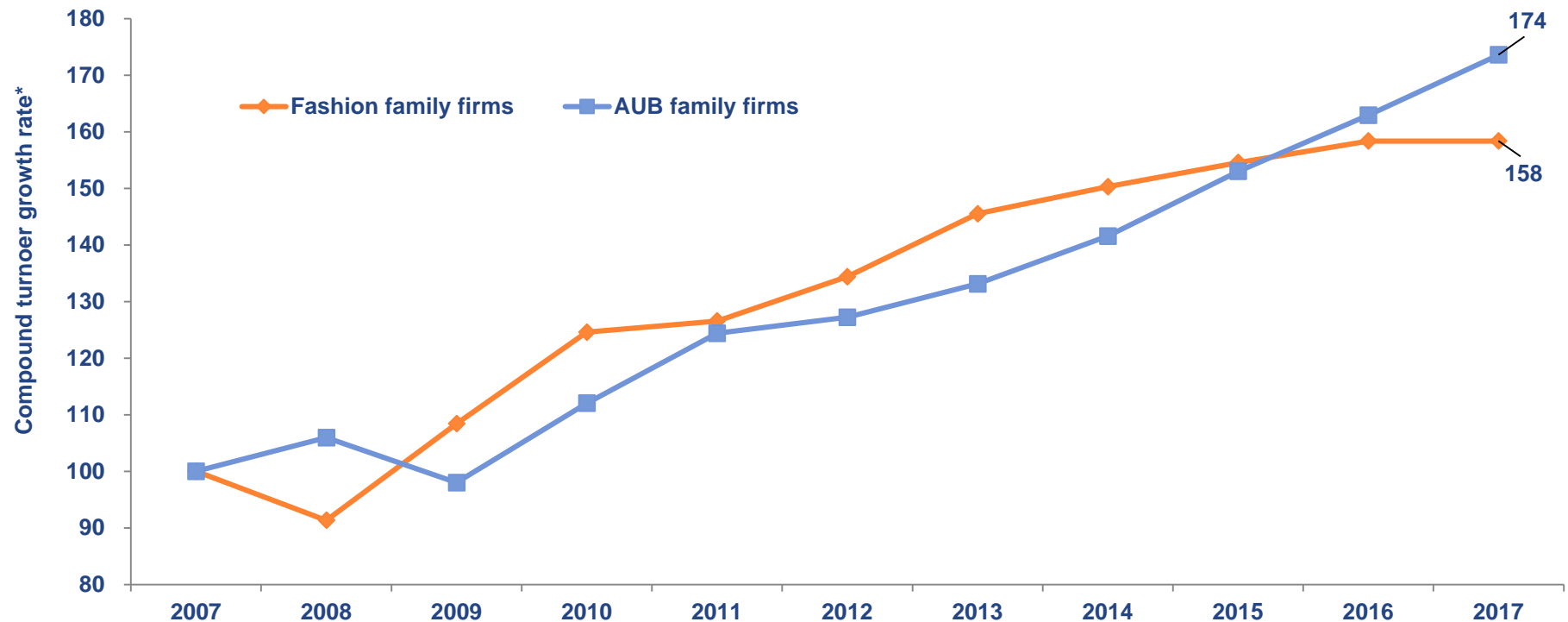


■ Fashion family firms ■ AUB family firms



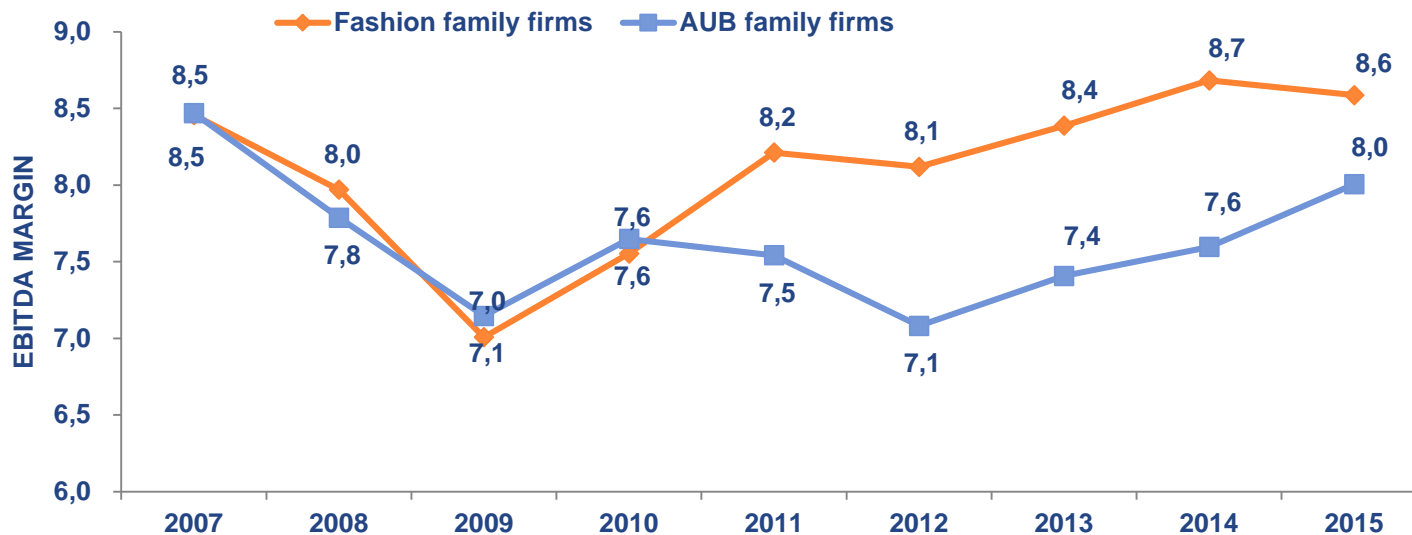
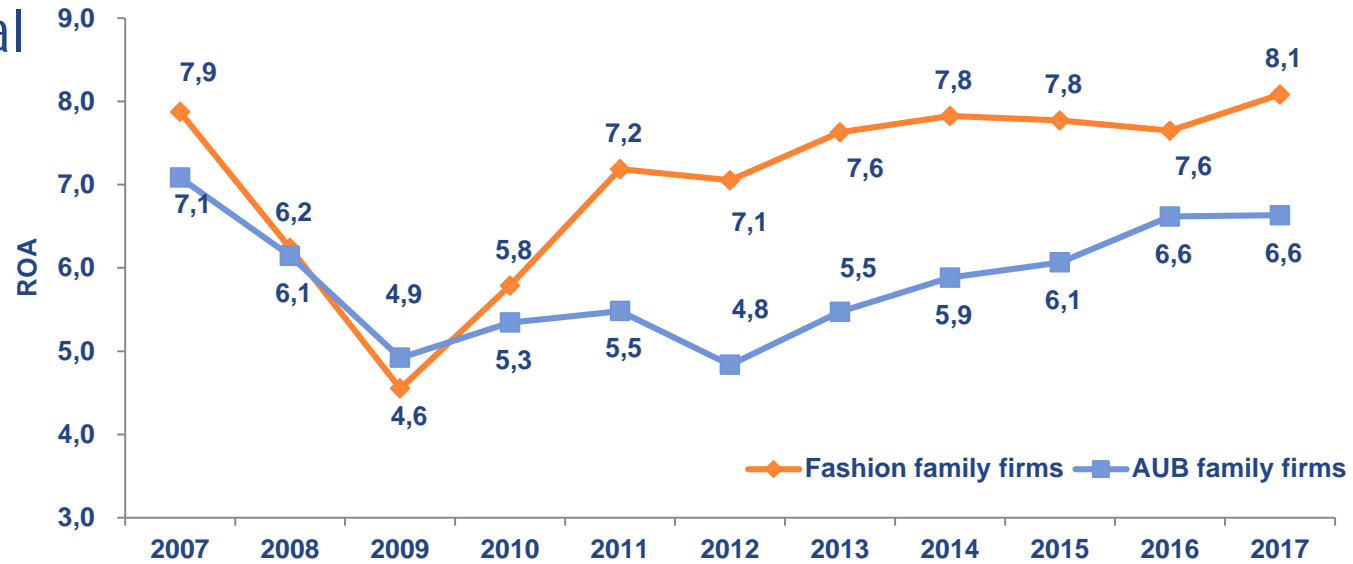
But many of these family firms are smaller than the national average

Compared to the national average, the fashion industries show a negative gap in terms of growth in the last two years



(*) Compound growth rate on 100 basis (year 2007), calculated on revenues (Source: Aida)

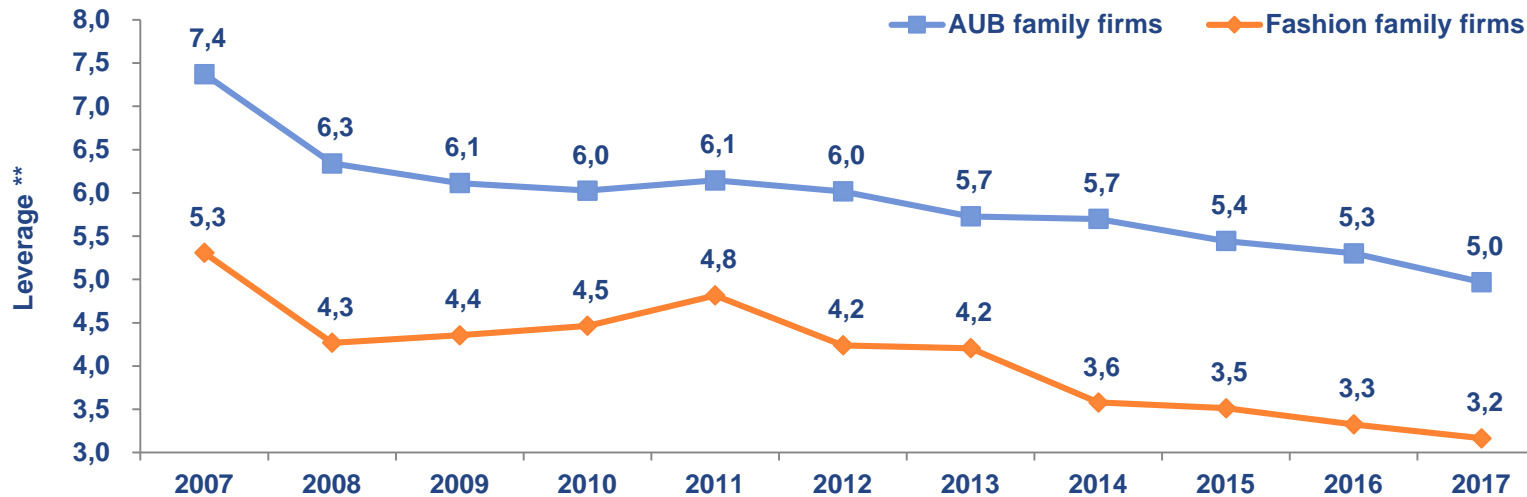
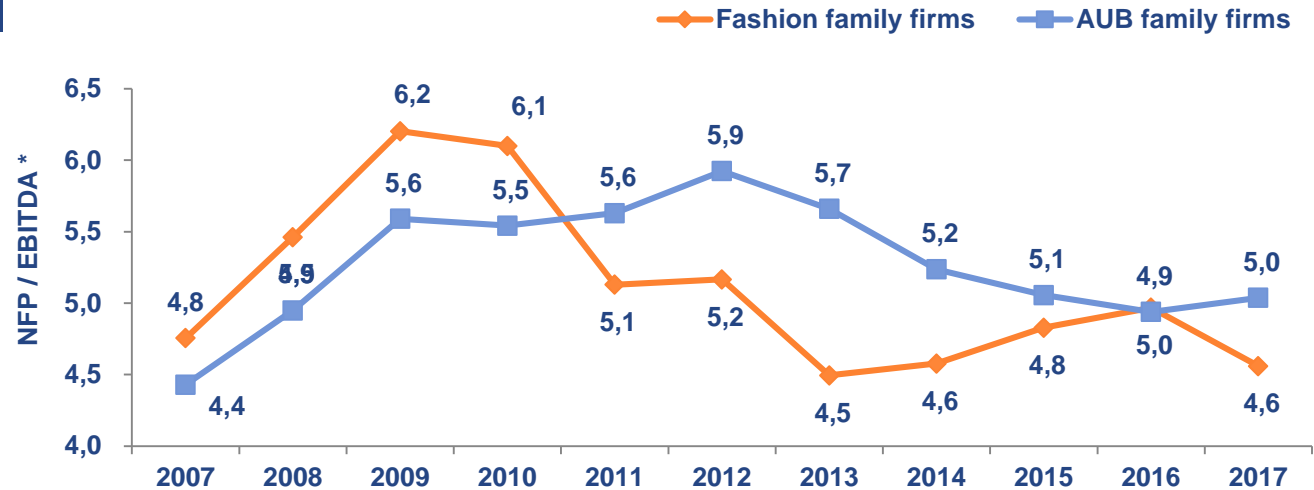
Compared to the national average, family firms in the fashion industry show a positive gap in terms of profitability, both in terms of ROA ...



... and EBITDA margin

Compared to the national average, family firms in the fashion industry show a greater ability to repay debt ...

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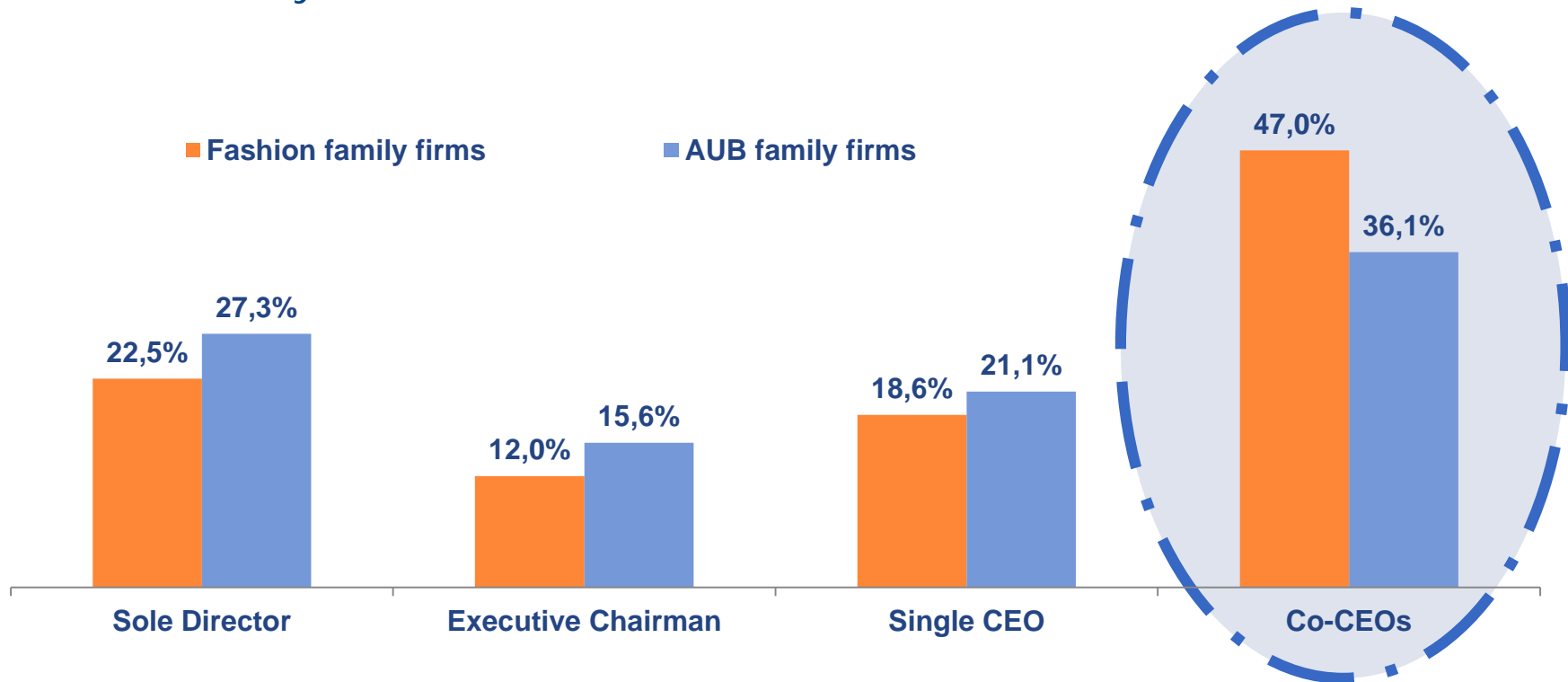
... and a lower leverage ratio

(*) NFP (Net Financial Position): Financial debts – Cash & Cash Equivalent (Source: Aida)

(**) Leverage: Total assets / Shareholders' funds (Source: Aida)

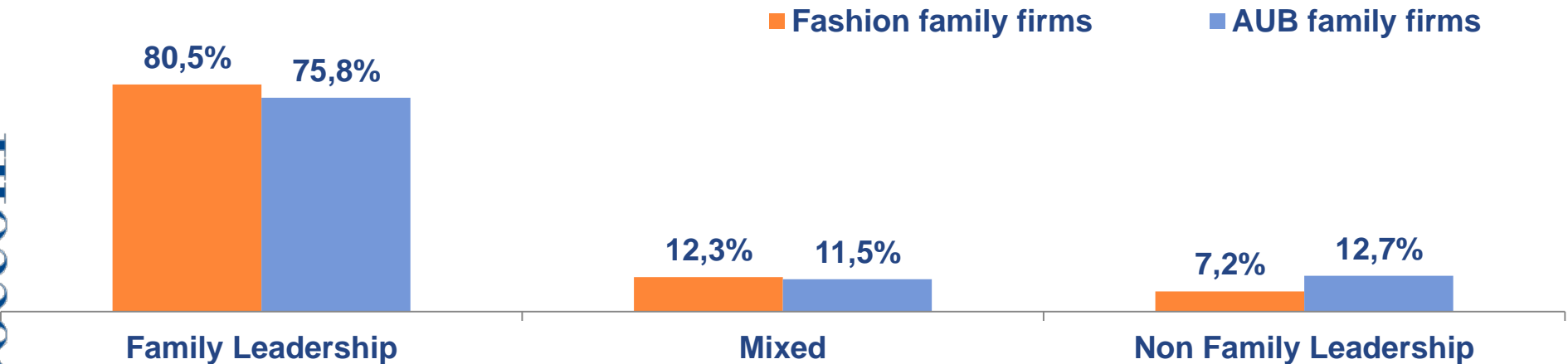
The collegial leadership models show a greater diffusion in family firms in the fashion industry ...

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Around 4 out of 5 family firms in the fashion industry have a family leadership, a percentage higher than the average of other industries

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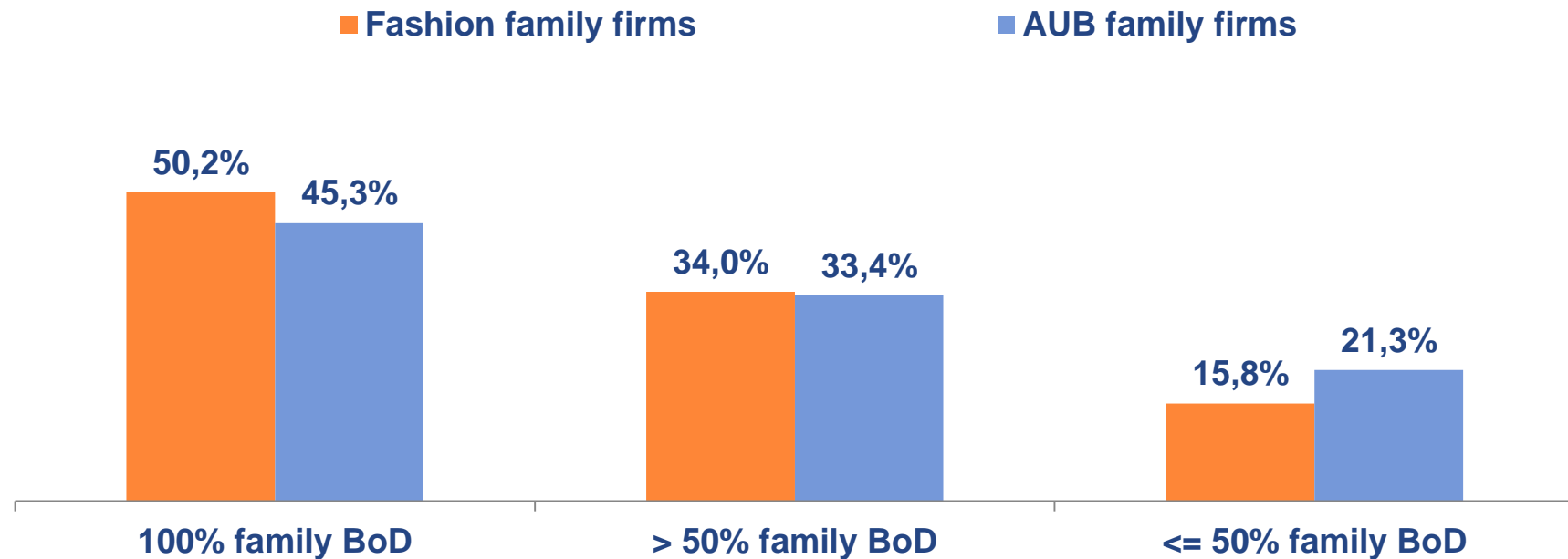
... and family leaders are those who show higher performance

	▲ ROA	▲ ROE	▲ Sales Growth
Family Leaders	0,8**	1,0**	2,5%***

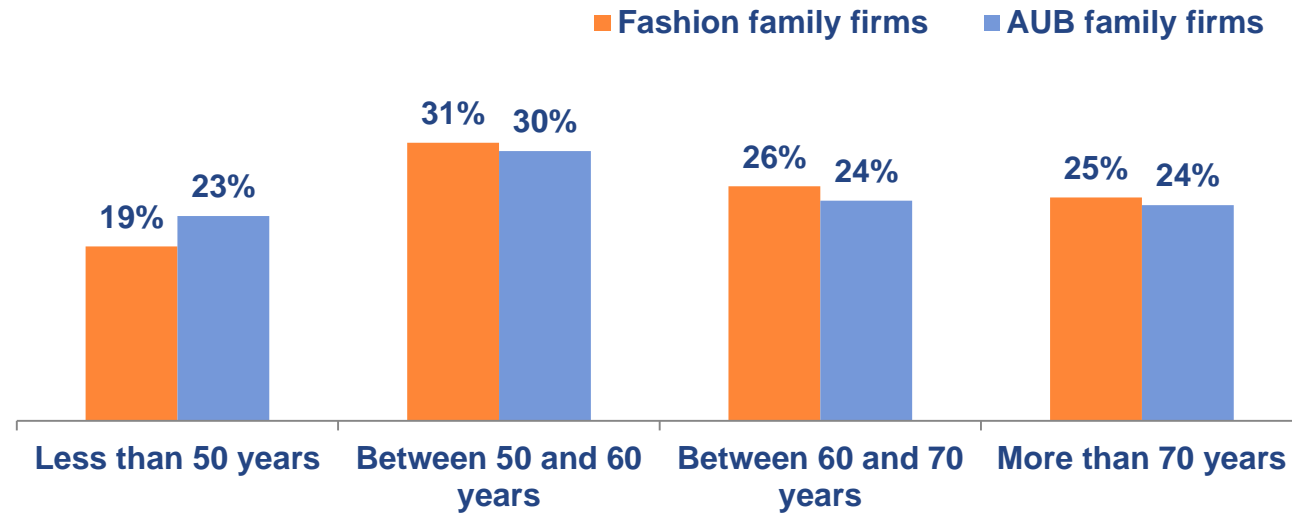
High significance (***) if the p value is <.01, average significance (** or **) if the p value is <.05, discrete significance (* or *) if the p value is <.1. Data for the period 2007-2017 were considered for processing (Source: Aida).

Family firms in the fashion industry show less openness to non-family members in the BoD in comparison to the national average

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Considering the oldest leader in the collegial leadership, 1 leader out of 4 is over 70 years old

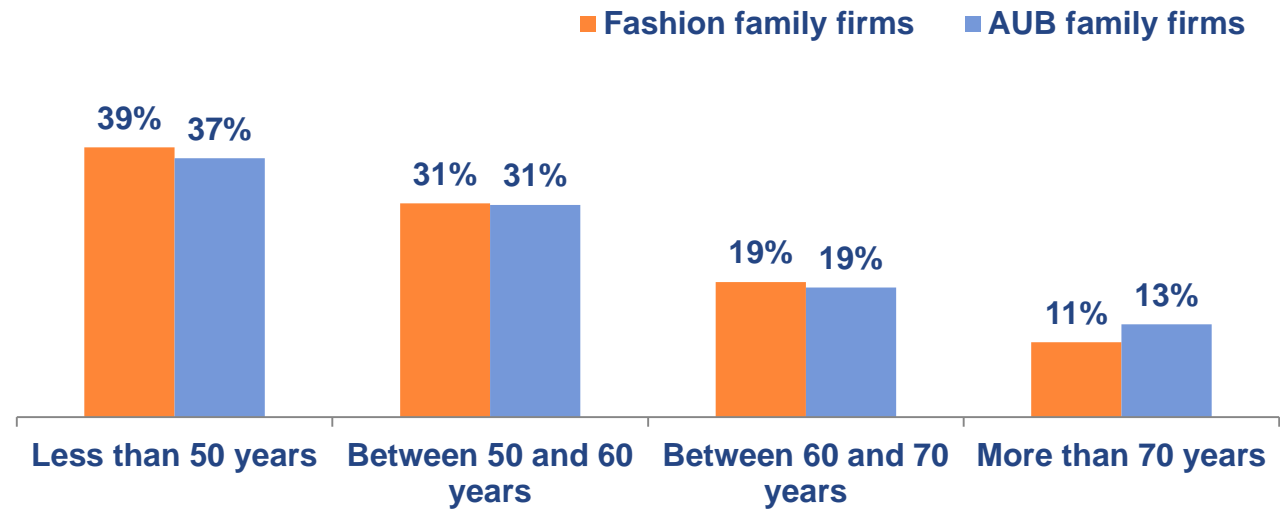


... and over-seventy leaders are those who show lower performance

	Δ ROA	Δ ROE	Δ Crescita ricavi
More than 70 years old	-1,0***	-2,0***	-2,5%***

High significance (***) if the p value is <.01, average significance (** or **) if the p value is <.05, discrete significance (* or *) if the p value is <.1. Data for the period 2007-2017 were considered for processing (Source: Aida).

If instead the presence of the youngest leader in the collegial leadership is considered, 4 leaders out of 10 are less than 50 years old



... and the younger leaders are those who show superior revenue growth rates

	▲ ROA	▲ ROE	▲ Crescita ricavi
Less than 50 years	0,5*	-0,1	1,3**

High significance (***) if the p value is <.01, average significance (** or **) if the p value is <.05, discrete significance (* or *) if the p value is <.1. Data for the period 2007-2017 were considered for processing (Source: Aida).