



EIGHT THINGS TO KNOW BEFORE STARTING A BUSINESS WITH THE ITALIANS

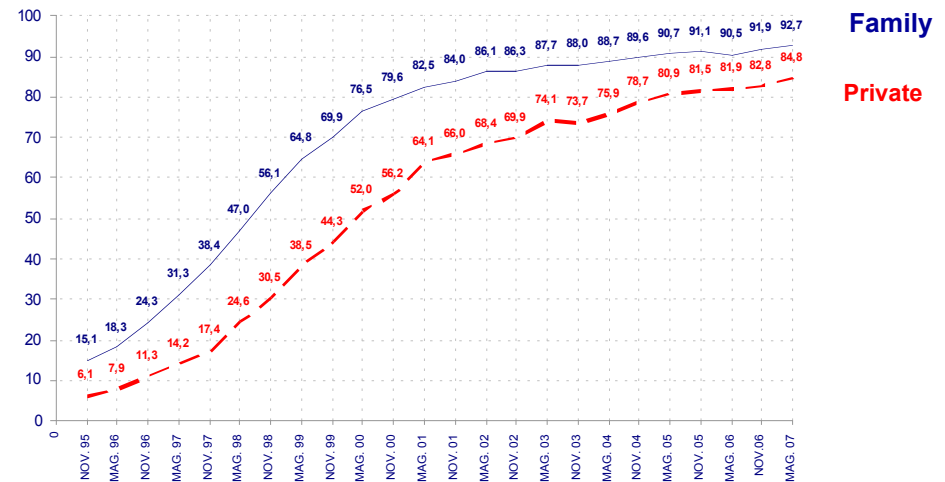
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Newark, October 16th, 2009

Italians like cell phones

To understand Italians, just think of a cell phone.
It incorporates eight characteristics of
Italian business people.

That is why we are number one users of cell phones in the
world!



1. “Personal”



- We do not like to share our assets. That is why we have (only) **SMEs**, why we are divided into regions, provinces and municipalities – each with its own distinctive dialect, culture and history. We accept and appreciate globalization but we cannot leave our typical products and life styles.
- Only when the world soccer championship is being played we **forget about the differences** between North and South, Milan and Rome, Left and Right political parties.

- Decisions are rarely taken by votes. It is important to get **consensus** and buy-in and better to **contact all** the (right) people involved in the decision making process.
- Everybody at a meeting is entitled to have their say. The importance placed on ideas put forward rests more on the **personal character and influence** of the speaker than on the weight of the idea itself.
- The relation between producers and **trade** is built more on negotiation than through a common business plan (listing fees).
- BTW: if you ask 10 Italians to explain who they are, you will get 10 different answers. Everyone has his **"personal"** point of view.

2. Always “on” and flexible.



- A typical **working day** in Italy lasts from 9am to 6pm, but we can be easily found at work much later. We love vacations but it is not a problem to receive business phone calls during a weekend or festivity.
- We feel that **work is not everything** in life, that's why we spend so much time on coffee or cigarette breaks.
- "*Time is money*" is **not** a common phrase in Italy.
- **Punctuality** is important but human relations are more important. Italians will be punctual if they can but other, more vital, human transactions may interfere.
- **Meal time** is more for human interaction and relationship building than discussing detailed business matters.

- Our attitude towards flexible time makes us **chaotic**. Few things in Italy are rarely well organized or easy to use (but improving...).
- We are not good at scheduling: in depth planning is not really expected or respected. Long-term plans, if they exist at all, tend to be in grand-outline terms only.
- Do not expect quick decisions or actions to take place, as **Italian bureaucracy** and legal systems are very slow.
- Control and the ability to **react to changing** circumstances are key attributes for an effective manager in Italy.
- That is why we are always available for a **tailor made** service or product.

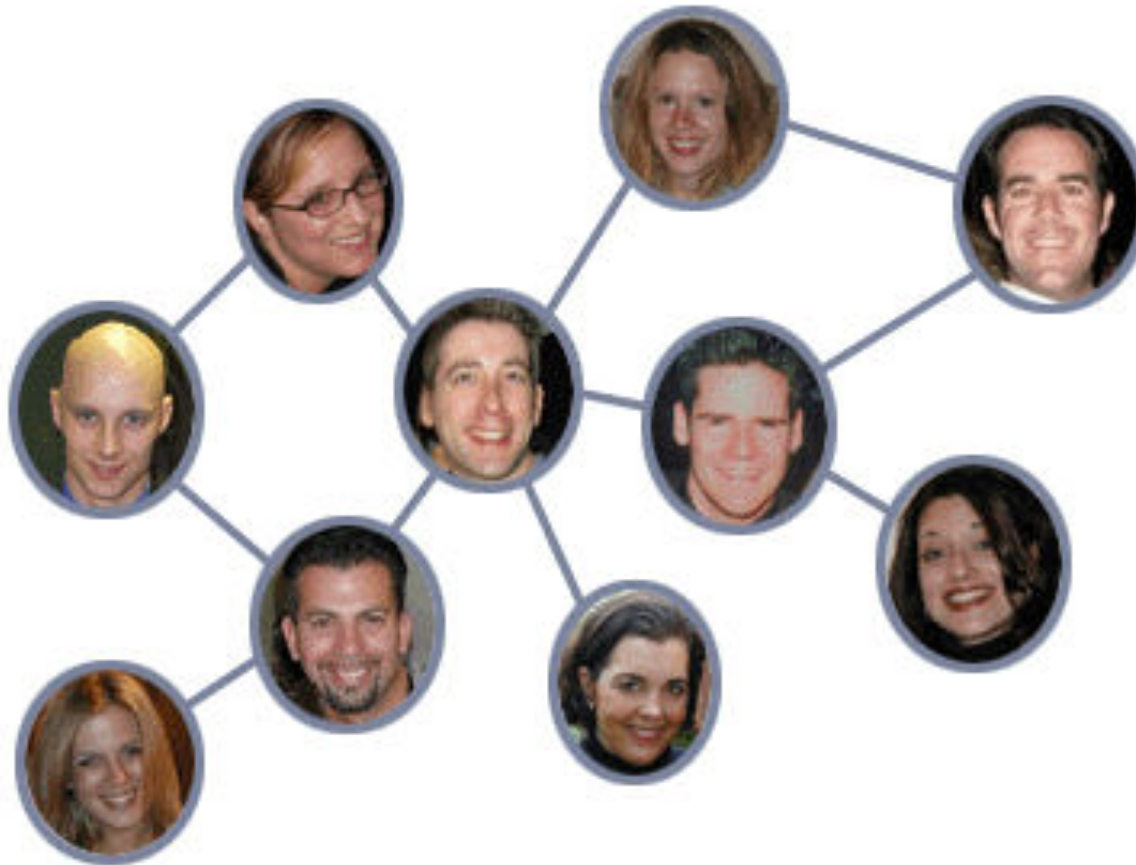
3. Made for conversation



- We **like to talk**, preferably over a one- or two-hour meal followed by a good cup of coffee, with everybody (do not be over-eager to introduce business topics into the mealtime discussion).
- More reliance is placed on the spoken than the **printed word** and it is always, therefore, important to talk to people directly rather than to rely solely on written information. The ability to speak eloquently and at length is valued.
- Moreover it is not always sufficient to get a verbal agreement – this may be given merely out of politeness. **Persuasion, insistence and follow-up** are essential.

- Any impression that the meeting is an open forum for decision making is likely to be **pure theatre**. Meetings are usually informal, to assess the mood of people, gauge the strength of feeling on particular issues and not necessarily to reach a decision.
- Don't be surprised if during business meetings your Italian colleagues **speak simultaneously** or interrupt one another. It is a common trait of the Italian communication style.
- “**Relationship marketing**” is our preferred approach to our customer. Especially in the B2B segment.

4. Based on a network.....



- We are good at creating a network of connections, starting with the **family**.
- Everything flows from **networks of relationships**. An essential pre-requisite to successful co-operation in Italy is the establishment of strong, long-term ties (see “industrial districts”).
- Do not view such relationship-building exercises as time wasting. Relationships may also be **between different fields** and topics: welcome a multidisciplinary approach to problem solving.

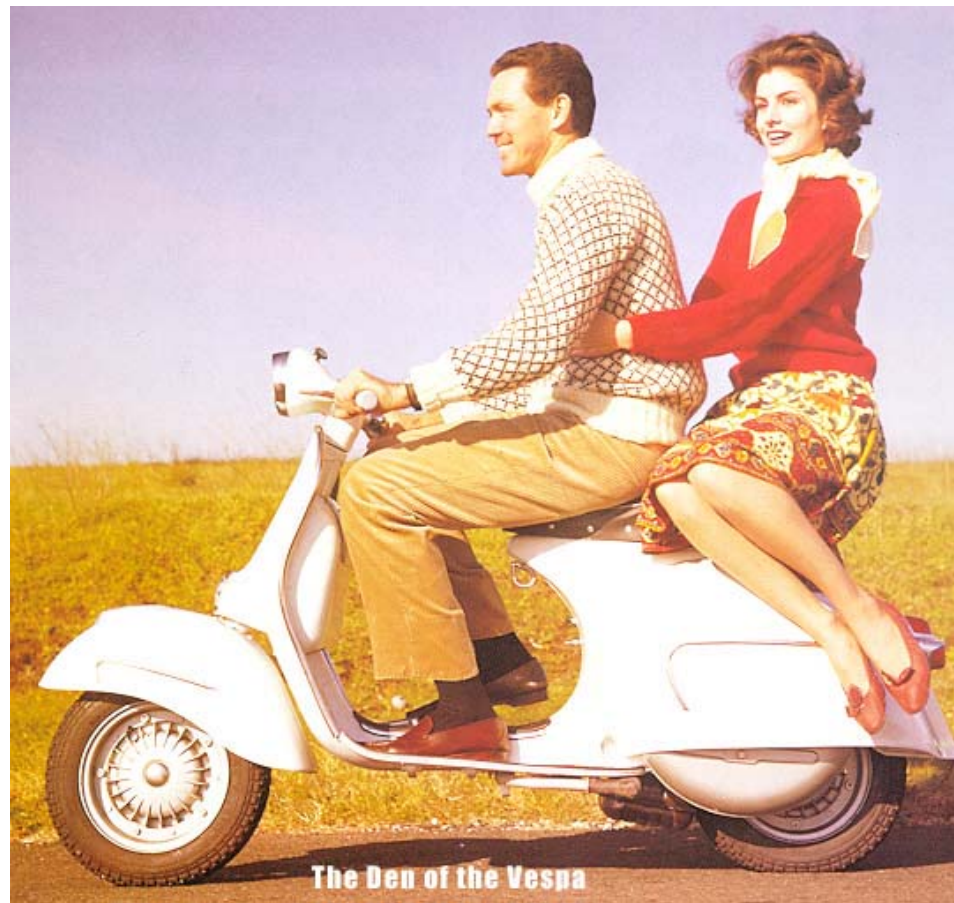
- Holistic approach to business, all items are inter-related: sometimes it is difficult to go through a **pre-arranged agenda** in a structured way.
- Relationship building does not imply enterprises are riddled with nepotism and old style cronyism, but the idea of an enterprise being an arrangement of **strongly bound relationships** is still very much in evidence.
- By the way, the **mafia** (la famiglia) is real: we are not proud of it but unfortunately for us it exists. Obviously, not every Italian is a mafioso and almost everybody will be offended and may feel insulted if you use the term, even if you mean it as a joke.

5. with hubs and spokes



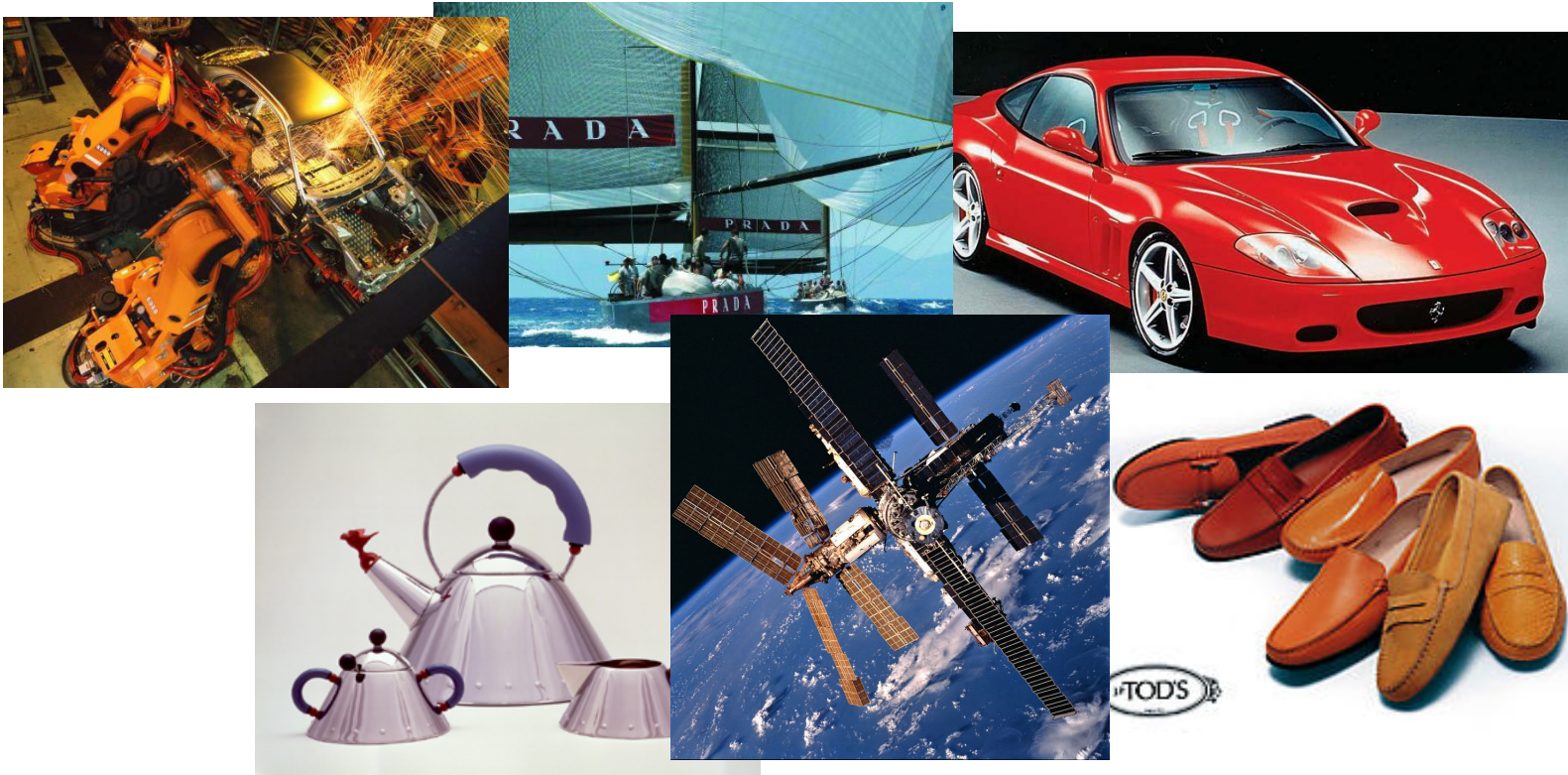
- Time can be wasted trying to get agreement with peer level Italians only to discover at a later stage that the **decision will be made elsewhere** (by people who have never been explicitly mentioned) and implemented by the **loyal allies** of the person making decisions.
- Power as a manager will probably be defined by the strength of the relationships you enjoy with senior management. **Personal qualities and loyalty** are sometimes more important than technical merit.
- In a way this is also the reason why we love so much **brands**: they appear to us like the hubs of the market.

6. Mobile (somehow)



- We **like to travel** a lot (even inside our towns), that's why we suffer incredible traffic jams.
- Italians do not conclude major business deals over the phone or by email. They prefer to conduct business face to face, even if this requires a **costly transfer**.
- We do not like to change jobs or company: compared with Indians our **loyalty to the job** is much higher.
- Italy has one of the least **mobile management populations** of any of the major industrialized nations which can pose problems for foreign capital companies who attempt rationalization programs between, for example, offices in Milan and Rome.

7. Innovative in design and technology



- The **importance of appearance** in Italy should not be taken lightly: you can recognize Italians by the way they dress from head to foot.
- **Style of dress** will vary from industry to industry with the more conservative professions of finance and law favouring suits and ties while being somewhat less important in industry. If you want to be respected look the part!
- The same attention is placed on **products and packaging** where it has to be enhanced in terms of design to compete in the Italian market.

- More generally we like and **we can evaluate** (better than others) good products: Italy is a test bed for many big corporations.
- Even with electronic devices our purchasing behavior is **fashion driven**: most of us feel embarrassed if our mobile phone appears outdated.
- The Italian obsession for quality pushes us towards a **continuous search for innovative ways** to reach it.
- There is a unique **symbiotic relationship between creativity and technological innovation**, the one feeding off the other. Behind the aesthetic seduction that attracts Italians there is a wealth of hard Italian expertise born of cutting-edge research and experimentation in engineering and technology.

8. Handheld



- The way we speak is completely original: the most important features of communication are **hand gestures**: the way we move our hands is crucial even if we are dealing with a phone call.
- If we do not speak many languages (in many cases not even English) it is also because we trust **body language** more than words.
- That's why we prefer to have a **direct contact** with the (right) person.

**CULTURAL DIFFERENCES: IT'S MORE
THAN GEOGRAPHY THAT MATTERS**

According to the conceptual framework of Hofstede there are four axes of similarity and differences:

- **Masculinity/femininity.** The dominant values in society are material success (money and things) versus caring for others and the quality of life
- **Uncertainty Avoidance.** The extent to which people feel threatened by ambiguous circumstances and have created beliefs and institutions to avoid such conditions
- **Individualism/collectivism.** Applies to societies in which the ties between individuals are loose: everyone is expected to look after themselves and their immediate family.
- **Power distance.** The extent to which the less powerful expect and accept that power is distributed unequally.

Masculinity/femininity

- Usa 13/39 moderate masculinity
- UK 8/39 High Masculinity
- France 29/39 High Femininity
- Germany 9/39 High Masculinity
- Italy 4/39 High masculinity
- Netherlands 37/39 High Femininity
- Mexico 6/39 High Masculinity

Uncertainty Avoidance

- Usa 31/39 Low Uncertainty Avoidance
- UK 34/39 Low Uncertainty Avoidance
- Germany 20/39 Moderate Uncertainty Avoidance
- France 6/39 High Uncertainty Avoidance
- Italy 16/39 Moderate Uncertainty Avoidance
- Netherlands 25/39 Moderate Uncertainty Avoidance
- Mexico 11/39 Moderate Uncertainty Avoidance

Individualism/collectivism

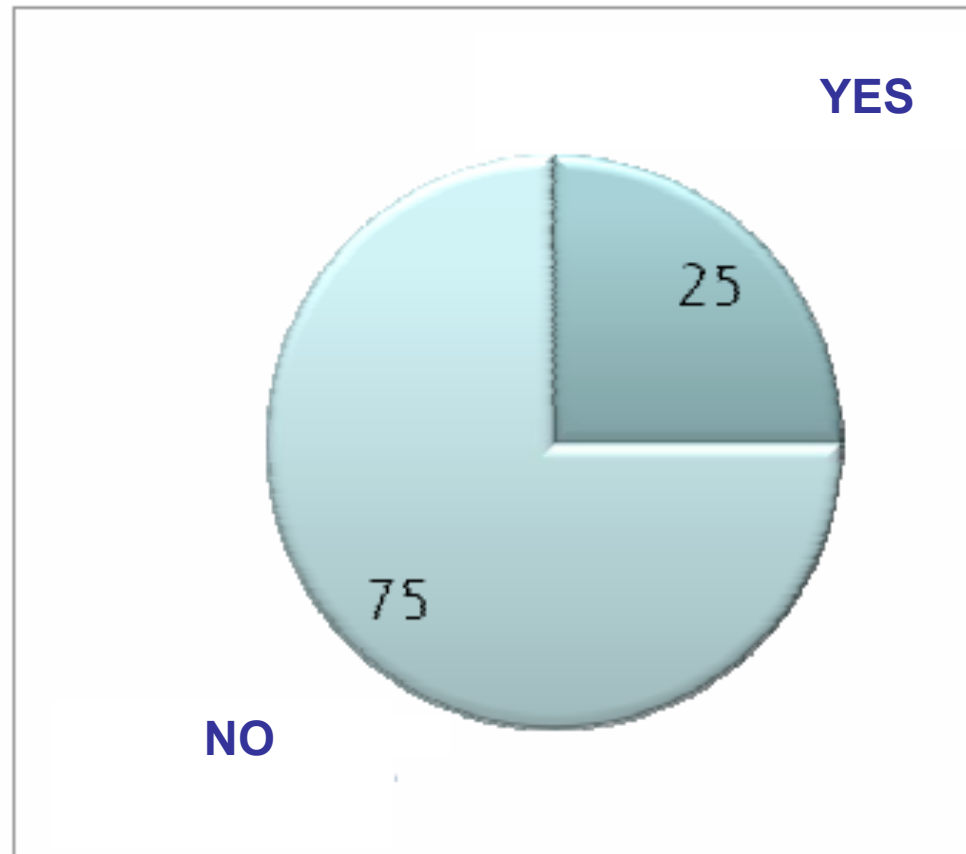
- Usa 1/39 high Individualism
- UK 3/39 high Individualism
- Germany 15/39 Moderate Individualism
- France 11/39 High Individualism
- Italy 7/39 High Individualism
- Netherlands 5/39 High Individualism
- Mexico 29/39 Low Individualism

Power distance

- Usa 25/39 moderate power distance
- UK 30/39 low power distance
- Germany 29/39 low power distance
- France 8/39 High power distance
- Italy 22/39 moderate power distance
- Netherlands 27/39 low power distance
- Mexico 2/39 high power distance

Did you have any expectations before investing that have not been fulfilled?

Valori %



Base: 60 answers

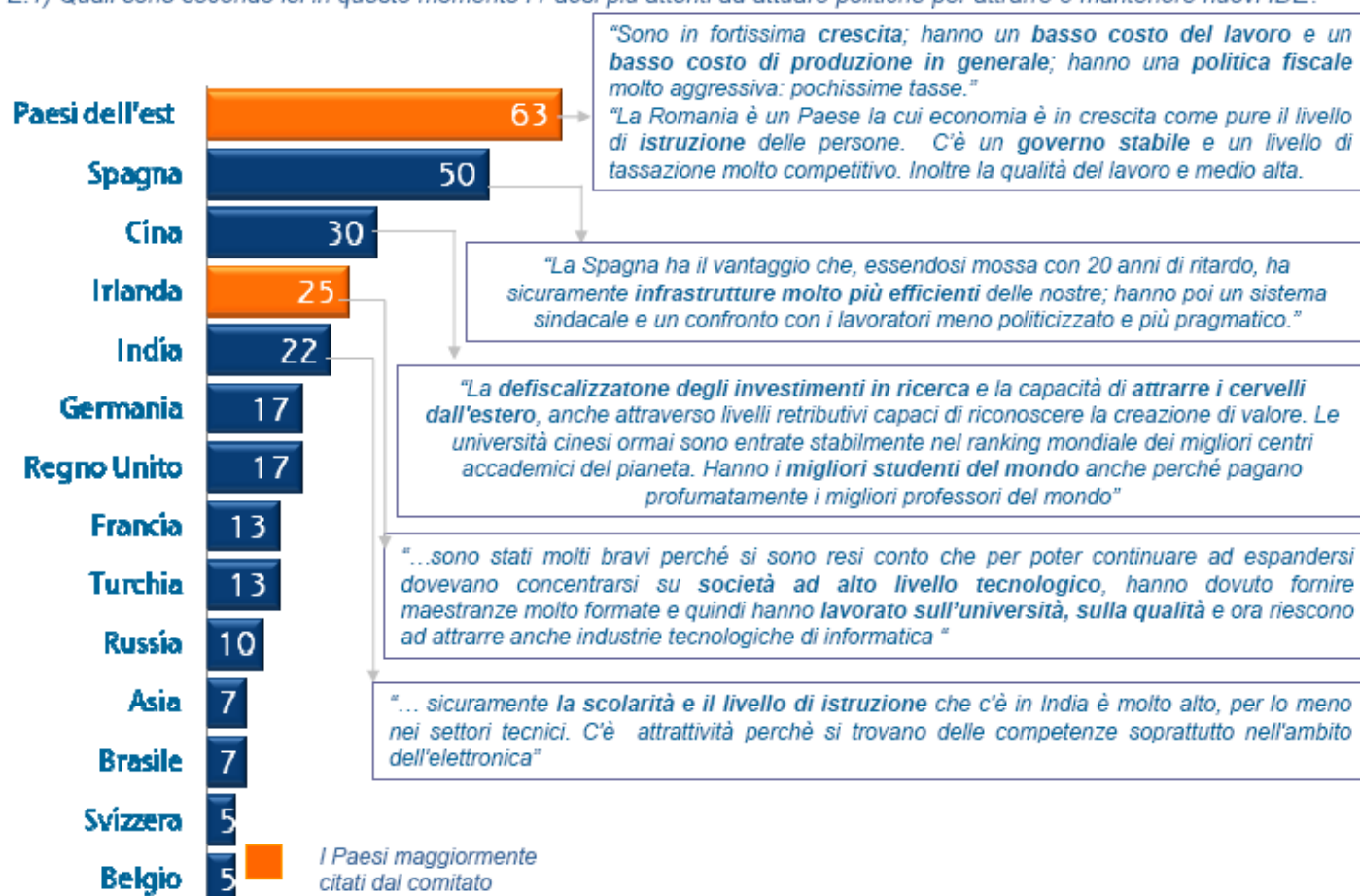
As per your company experience, which are the main difficulties that foreign companies face in operating in Italy?



Paesi più attenti ad attuare politiche per attrarre e mantenere nuovi IDE

Valori %

E.1) Quali sono secondo lei in questo momento i Paesi più attenti ad attuare politiche per attrarre e mantenere nuovi IDE?



Countries most active in implementing FDI attraction policies

