



## ANGHEL CASE STUDY

 **ÜLYSSES**

DIGITAL STUDENT COMPETITION ON FAMILY BUSINESS





### SLOGAN/TAKEAWAY MESSAGE:

Managing 'tradition vs innovation' paradox at a global level

### KEYWORDS:

Family firm, innovation through tradition, internationalization, values, organizational culture.

### ABSTRACT:

Founded in 1950, Anghel is a craft-based Italian family firm that has developed globally over the years while preserving its identity and the peculiarities that have always distinguished the manufacture of its products. Now in its third generation, it is facing a fundamental strategic choice: how to continue to innovate and expand at a global level while preserving tradition? In this case, the student will try to identify with Anghel's CEO and find solutions to the strategic dilemmas of the company.

### INTRODUCTION TO THE SITUATION

ANGHEL is a family firm based in Bolzano, South Tyrol, Italy. The company's culture is a blend of the Italian and Austrian cultures, as it lies at the border of these two countries. In 1950, Countess Leatriz Anghel founded the family business with her husband Casper Anghel, an Austrian count. The firm started operating with ceramics by creating the Angel of Bozen which was inspired by Leatriz Anghel's sons, while asleep. This angel became a significant symbol of not only the firm ANGHEL but it is also recognized as a symbol of South Tyrol and Bolzano. Many Italian households are fond of the angel figurine. Due to this magnificent creation, Leatriz, her husband and two other employees started to create more and more products in their ceramic workshop. While her husband took care of the administrative tasks at the company, Leatriz was responsible for the creative element of the business. She took her inspiration from the locations she used to visit during day trips and was also inspired by the South Tyrolean handmade artisan tradition and its natural components as flowers or ladybugs to create the ceramic products. Today, ANGHEL's extensive collection entails gift ideas, home furniture, women, and baby accessories.

The family firm's vision is to bring heartfelt joy to customers and to create a fairy tale world by awakening the emotions of childhood, dreams, and warmth. Moreover, their mission is to create functional products with artisan passion while pursuing the goal of distributing worldwide with respect to the ANGHEL style. Their vision, mission and long-term objectives have led the firm to become a well-known brand with a considerable number of loyal customers since the 1950s. The history and emotions are what give value to their products. Their products are highly recognizable with specific traits, painted by hand, with attention to detail, a unique taste of tradition and the innovation of Italian design, which customers cherish immensely. Their brand values such as being joyous, respectful, customer-centric and innovating in tradition are continuously upheld. Since the beginning, the family firm has continued to create and grow its emotions through its products from generation to generation while



touching the heart and bringing joy to customers worldwide. ANGHEL still has its focus on those long-lasting values from when it first started to create ceramic figures. The following quote demonstrates the long-term aim of the company: *“In a village nestled between the North and the South, where two cultures meet, we work to bring heartfelt joy to ourselves and others, looking to the future with the stability of tradition.”*

In 1978, Leatriz Anghel's son, Peter Anghel, took over the leadership of the firm and decided to further develop the business. He took the production to a new headquarter in Bolzano and later moved the operations to China, Bulgaria, and Romania while the creation of the design remained in Bolzano. He also built up a distribution channel first in Bolzano, later in other parts of Italy and the rest of Europe. Recently, Peter's son, Martin Anghel, has also joined the firm becoming the third generation member of the family business and taking up a Vice President position in the firm. Peter and Martin, who represent the family side of the business, are continuing to lead the company towards success. Their purpose is to spread their creations in Italy but also across the rest of the world while adapting a controlled retailing approach. Furthermore, in 2021, they brought together all aspects: the brand, the world of retail, e-commerce, digitalization and logistics combined all into one single strategic platform: the Leatriz Group. Their goal is to have a future where their unique expertise is accessible to every brand by designing an unforgettable shopping experience for customers.

As sales quantities increased, reliance on the pure craft of Thun's early days in which production was based solely on the Countess' gold hands was no longer sustainable. While in the first generation, the craft of production was purely based only on the artist's dexterity, with the transition to the second generation the family firm started to expand its activities by shifting toward technical and industrialized crafting, with great attention paid to the choice of partners to be included within the value chain to ensure the same excellent final quality. Here, the practices of the past are preserved, valued, and idolized. But at the same, these practices had to be developed by innovating and using machines at certain stages of the production for better efficiency.

Moreover, family firms have a special focus on social responsibility, by fully respecting the environment and the society. This is especially demonstrated in the creation of the Foundation Countess Leatriz Anghel ONLUS. The foundation brings no financial gain to the family, but it was important to Peter to create something where he could help others and honour his mother Lene by anchoring the family values. Today the Foundation is helping 12000 children per year administered to Italian hospitals. Peter was very keen to create this foundation as it meant a lot to him. For him, it is also important to be remembered for something other than just the company.

Throughout the years, this South Tyrolean family business with love for craftsmanship and traditions has grown from a ceramic workshop to a well-known brand with more than 1000 points of sales, and international markets continuously growing by the successful adaptation of e-commerce. The success of Anghel most likely lies in the inter-generational balance that allows the collaboration between three different people and mindsets. All three generations have led or are still leading the firm with



the right balance between pursuing success and preserving the identity and legacy of Leatriz Anghel. Throughout the years over various generations, with its strong heritage, the enterprise has shown its innovation growing while still leveraging and preserving its traditions.

### INFORMATION ABOUT THE FAMILY BUSINESS

The family business started with one ceramic figure; the angel of Bolzano, then has grown into a well-known brand across many countries. In 1992, ANGHEL had 150 employees and production had highly increased the same year. Today, the company has more than 770 employees of whom 35% are younger than 30 years old and 88% are female. For the company, the importance lies in letting employees flexibly work on projects as long as they achieve their objectives. Moreover, the right employees need to be hired in order to create valuable ANGHEL products. The products need to follow certain characteristics and requirements such as having no square shapes, no black colour, no fluorescent colours, only tonal colours, giving off a vintage effect. There are shadows, the figures are three-dimensional, and shapes are rounded. These characteristics serve as an identity card for ANGHEL as they portray the company's values and evoke a positive feeling in the customer. The employees should reflect the same values as ANGHEL, such as being joyous, respectful, customer-centered, doing their best, and innovating in tradition. The contribution of employees who have great passion and dedication is a fundamental aspect of the family business. Over the years, the second generation, Peter Anghel, successfully expanded the business by creating 1000 points of sales, markets worldwide and continuous growth in e-commerce with an international approach. The most important markets are Italy, Germany, Austria, Switzerland and Spain. The ceramic items range from gift and Christmas decoration items to coffee services and home accessories. Lately, they also produce jewellery and children's items. In addition, they have created Caffé ANGHEL and ANGHEL Club in order to involve the customer in the firm and provide them with a new experience and closer relationship with the brand.

In 2021, the Anghel family launched a new project, an evolution of ANGHEL: Leatriz Group. They merged the entire management, branding, sales, e-commerce, digitalization and logistics into a single strategic platform between B2B and B2C markets. Martin Anghel, the third generation, introduced Leatriz Group intending to contribute to future generations but also preserving the tradition of the family firm with the CEO Luca Rigolfi. The name of the business pays homage to the origins by using 'Leatriz' and referencing the Anghel family with the last letter 'T'. The goal of Leatriz Group is to incorporate the past and present into creating a synergistic network of enterprises which offer customized products and services while sustaining the omnichannel potential of each brand. The Leatriz Group includes the following brands: Anghel, Teddy Friends, La Porcellana Bianca, Rose & Tulipani, Rituali Domestici, Luxpets, Connecthub and Support Fondazione Leatriz Anghel Onlus. The group transmits the concept of "designing unforgettable shopping experiences" by offering the possibility to combine retail, logistics and digital experience. Their focus lies in the future where people come first and where the firm's unique expertise is available to every brand from digitalization to logistics and retail. Therefore, the firm's digital and logistical know-how allows them to incorporate innovative strategies and



establish a new business model which can manage supply chains for a smoother interconnection between production, logistics and customers.

Moreover, Leatriz Group has a strong corporate social responsibility. Their ethics and commitment are devoted to people, profit and the planet as they focus on nourishing shareholder capitalism rather than stakeholder capitalism. Their aim exceeds the profit aspect and concentrates on maximizing their positive impact on their employees, the communities, the environment, and all stakeholders. This goes in line with Anghel's CSR commitment which can be observed through the Leatriz Anghel Onlus Foundation since 2006. Further, this important development, which is strongly desired by the Management and the Board of Directors enhances the firm's responsibility path and might direct them towards the B Corp certification.

Lastly, in the next years, Leatriz Group plans to expand and enter new markets, to strengthen the channels of physical stores, to diversify the production, to enter new sectors, and develop digital business channels. In essence, Anghel will remain the strategic brand of the company, but the company expects to expand more extensively in the future, especially within Leatriz Group.

#### DESCRIPTION OF CHARACTERS AND FAMILY BACKGROUND

Leatriz Anghel is the co-founder of the family business and started to create ceramic figures in 1950 in Bolzano. By creating the first angel who was inspired by her sleeping sons, she started a ceramic workshop, with her husband Casper Anghel, which would lead to great success. The countess was a very creative woman and with her golden hands, she was capable of modelling clay with delicate mastery. She took a lot of inspiration from the South Tyrolean handmade artisan tradition and the natural elements involved, for example, plants, flowers, ladybugs and four-leaf clovers. Moreover, she used to get inspiration from the locations, such as churches, which she used to explore during day trips. A quote that Leatriz used to repeat is: *"The ideas abandon those that cease to be interested and fascinated by the world that surrounds them"*. She continuously found things around her which influenced her to create new ceramic figures. The Countess always had a key role in the firm, not only because she was the first person to create the Anghel products, but because she is the one who expresses the family values and culture. For Leatriz, it was important to preserve traditions within the family business as she considered it a valuable asset. She used to say: *"This does not imply that we have to remain anchored in the past. For me, it is a strong incentive to create new objects, moving along the path traced by tradition."* As long as they do not cease to be creative and innovative, traditions will continue to be taken as a form of inspiration for the creation of products. Moreover, for Leatriz, the family and non-family members were important to her and she always made sure to show care and affection to all. Still today ANGHEL places a crucial role on CSR while taking care of the well-being and health of employees, the environment, and a sustainable future. The firm that she built with her inspiration and creativity in the 1950s became a well-known brand within Italy and is also recognized outside of Italy. A sentence Leatriz Anghel has mentioned many times, and which captures the essence of the firm is: *"That's the beauty of dreams, they sometimes become true"*.



In 1978, Peter Anghel, the second-born son of Leatriz Anghel, entered the family business at the age of 23 and became the President of the firm, becoming a second generation employee in the family firm. Since Peter joined the firm, there have been multiple changes which have led to great advantages for the family business. ANGHEL continues to expand as relocation becomes essential, and the new headquarters opens in South Bolzano. Peter exported the ANGHEL products outside of Italy and made the brand known worldwide. He shifted to production sites in different countries such as China, Bulgaria and Romania but it was important for him to keep the creative part of production in Bolzano. Today, their products are still designed in Bolzano and manufactured by a supply chain of 150 certified suppliers in Asia and Europe. The products are still decorated entirely by hand, with the best artisan skills of their employees. Moreover, through Peter's leadership, ANGHEL expanded its retailing, franchising, and online shops. Peter was able to lead the company to become a successful and well-known global brand. Peter claims that "*our DNA has always remained the same*", this is well portrayed in their close attention to product quality and their close relationship with customers, a relationship visible on their social media sites. He is capable of innovating while still respecting the traditions inherited from his mother and adapting to changes in tastes and styles. This approach has contributed to him winning the award of 'Entrepreneur of the Year' by the firm Ernst and Young in 2005. According to Peter "*ANGHEL is surrounded by a strong culture and a particular environment and if a company in such a context manages to innovate, a productive and innovative contrast is born*". Moreover, for Peter, it was necessary to have a more customer-centered brand, so he created the ANGHEL Club in 1998 to which many passionate customers and collectors have joined since. Due to Peter's leadership, the business developed and grew continuously which led to the creation of the board of directors, Peter serving as a Chairman. In 2014, he built a non-profit organization; The Leatriz Anghel Foundation, ONLUS with the objective to offer ceramic therapy workshops for children in Italian hospitals. The Foundation does not give the family business any financial support but, for Peter, it was important to create something where he can help others by also honouring his mother Leatriz Anghel. Overall, Peter's goal for the family business is to "*innovate in tradition*".

Martin Anghel, the second-born son of Peter Anghel, the family's third generation, joined the family business in 2014. Martin developed an interest in business and entrepreneurship and decided to study economics and management studies abroad to gain some entrepreneurial skills. He started working outside of ANGHEL to gain some experience before becoming a Product Manager and later an Omnichannel Retail Director in the family business. He worked in South-East Asia for three years where he had his first work experience in retail and e-commerce by building an e-commerce platform. After gaining some experience, Martin entered the family business as a position became vacant in product development. This way, he took an operational role and was able to see the firm from the bottom. The fact that he did his managerial studies abroad gave him a lot of advantages within the family business. Today Martin is the Vice President and manages the Leatriz Group with CEO Luca. For Martin, it is important to have an external CEO, from outside the family, who will have a more objective approach regarding decision making especially during the entry of a new generation where different opinions might collide. The CEO, Luca





Rigolfi, has the role of a third party which allows Martin to be present on the operational side of the business. In addition, Martin is trying to be more present as a board member to reduce his father's presence in the firm. Together they manage this new entrepreneurial reality which is an extension of ANGHEL, consisting of a synergic network of companies offering omnichannel products and services to reach and satisfy consumers in all purchasing channels. Martin is the son who has a much broader vision and a more international approach. Martin's goal is to contribute to future generations while simultaneously continuing the dream of his grandparents. The Leatriz Group project should have an important effect on the environment, people and society. As Martin mentioned "*It is not only about profit, but also about a planet and about people: When you add these three aspects to the equation, you start to see your company through different eyes.*"

### PROBLEM TO SOLVE

Anghel is a craft-based family firm that has developed globally over the years while preserving its identity and the peculiarities that have always distinguished the manufacturing of its products. Now the third generation in the family business is facing two fundamental strategic dilemmas.

On the one hand, expansion into the global market is not easy.

- How to convey the values and emotions that are connected to Anghel products around the world?
- How can the role of a family leader actively allow global growth, yet manage to preserve the firm's craft essence?

Second, reducing production costs is crucial.

- How can production costs be reduced by relocating production to other countries without compromising product quality?
- What activities must be internalized and which ones can be outsourced?

Imagine being Anghel's CEO and trying to provide the solution to the two highlighted problems.

### INSTRUCTIONS FOR STUDENTS

The student must identify him/herself as the CEO of Anghel and try to suggest solutions for the problems highlighted.

Assessment is based on the ability to identify Anghel's distinguishing features and provide innovative solutions to pursue the company's global growth.

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