



## FINAL CASE STUDY

 **ÜLYSSES**

DIGITAL STUDENT COMPETITION ON FAMILY BUSINESS





## SLOGAN/TAKEAWAY MESSAGE:

Managing the tradition/innovation paradox when going international

## KEYWORDS:

Family firm, internationalization, tradition, innovation, values

## ABSTRACT:

ANGHEL is an Italian craft-based 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. Founded in 1950, ANGHEL is now in its third generation and it is about to face 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 the solution for the company's strategic dilemma.

## INTRODUCTION TO THE SITUATION (STORYTELLING)

ANGHEL is a family firm based in Bolzano, South Tyrol, Italy. However, the company's culture is a blend of the Italian and Austrian cultures. 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 asleep sons. This significant angel became a symbol not only of 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 workshops. While her husband took care of the administrative task of the company, Leatriz was responsible for the creative element. She took her inspiration from the locations she used to visit during her day trips. Also, she was inspired by the South Tyrolean handmade artisan tradition and its natural components as flowers or ladybugs to create ceramic



products. Today, ANGHEL's collection entails gift ideas, home furniture, woman, and baby accessories.

The family firm's vision is to bring heartfelt joy 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 and maintaining 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 while preserving tradition."*

In 1978, Leatriz Anghel's son, Peter Anghel, took over the leadership of the firm and decided to develop the business which makes him the second generation of ANGHEL S.p.A. He took the production to a new headquarter in Bolzano and later moved the operations to China, Bulgaria, and Romania while maintaining the creation of the design in Bolzano. He also built up a distribution channel first in Bolzano, later in other parts of Italy, and in the rest of Europe. Recently, Peter's son, Martin Anghel, has also joined the firm making him the third generation of the family business, taking the Vice president role in the firm. Peter and Martin, who represent the family side of the business, are continuing to lead the company toward success. Their purpose is to spread their creations in Italy but also across the rest of the world while adopting a controlled retailing approach. Furthermore, in 2021, they brought together the world of retail, e-commerce, digital, and logistics combining all into one single strategic platform: Leatriz Group. Their future goal is to leverage their unique expertise on any brand of the portfolio, to guarantee an unforgettable shopping experience to their customers.



As sales increase, the company can no more rely exclusively on the pure craft of ANGHEL's early days in which production was based only on the Countess' gold hands; while the production during the first generation was a pure craft based only on the artist's dexterity, the family firm made a transition during the second generation. ANGHEL expanded its activities by shifting toward technical and industrialized craft, 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. However, such practices had also to be adapted and improved at certain stages for the use of new machinery and guarantee innovation.

Moreover, the family business has always had a special focus on social responsibility, by fully respecting the environment and society. This is especially demonstrated in the creation by Peter in 2006 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 through which he could help others and honor his mother Lene by anchoring the family values. Today the Foundation is helping 12000 children per year based in 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, by keeping their love for craftsmanship and traditions, this South Tyrolean family business has grown from a ceramic workshop to a well-known brand with more than 1000 points of sales and international markets constantly growing through the adoption of e-commerce. The success of ANGHEL most likely lies in the inter-generational harmony that allows the collaboration of three different 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 preserving its traditions.

## INFORMATION ABOUT FAMILY BUSINESS

The family business started with one ceramic figure; the Angel of Bolzano then grew into a brand well-known 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 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, and only tonal colours, giving off a vintage effect. There are shadows, figures are three-dimensional, and shapes are rounded. These characteristics are like an identity card for ANGHEL, as it portrays their values and conveys a positive feeling to the customer. The employees should reflect the same values as ANGHEL, such as being joyous, giving their best, respecting, innovating in tradition, and being customer-centric. 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 of 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, the firm has started to produce jewellery and children's items. In addition, the company has created Caffé ANGHEL and ANGHEL Club to involve the customer within the firm and give a new experience and relationship with the brand.

In 2021, the Anghel family launched a new project, an evolution of ANGHEL: Leatrizt Group. They merged the entire management, branding, sales, e-commerce, digitalization, and logistics into a single strategic platform operating in B2B and B2C. Martin Anghel, the third generation, introduced Leatrizt 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 Leatrizt Group is to incorporate the past with the present and to create a synergistic network of enterprises that offer customized products and services while sustaining the omnichannel potential of each brand. The group transmits the concept of "*designing unforgettable shopping experiences*" by offering the possibility to combine retail, logistics, and digital experience. Their focus lies on the future where people come first and where the firm's unique expertise is at any step of the value chain. 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, the Leatriz Group has a strong corporate social responsibility. Their ethics and commitment are based on people, profit, and the planet and focus on a shareholder approach rather than a stakeholder one. Their aim exceeds the profit aspect and concentrates on maximizing their positive impact on the 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.

Lastly, Leatriz Group plans in the next years to expand and enter new markets, strengthen the channels of physical stores, diversify production, 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 in the future, especially within the Leatriz Group.

## DESCRIPTION OF CHARACTERS AND FAMILY BACKGROUND

**Leatriz Anghel** is the co-founder of the family business that started to create ceramic figures in 1950 in Bolzano. By creating the first angel who was inspired by her asleep sons, she started a ceramic workshop, with her husband Casper Anghel. The countess was a very creative woman and with her golden hands, she was capable of modeling 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 them 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 the employees, and the environment for 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 the country. A sentence Leatriz Anghel has mentioned many times, and which captures the essence of the firm is: *“The beauty of dreams is that, sometimes, they become real”*.

In 1978, **Peter Anghel**, the second-born son of Leatriz Anghel, entered the family business at only 23 years old and took the position of the President of the firm, making him the second generation. Since Peter joined the firm, there have been multiple changes that brought many advantages to the family business. ANGHEL continues to expand while relocation becomes essential and new headquarters is opened in South Bolzano. Peter brought 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 in Bolzano. Today, the product is still designed in Bolzano and manufactured by a supply chain of 150 certified suppliers in Asia and Europe. Moreover, the products are still decorated entirely by hand, with the best-skilled employees. Moreover, thanks to 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 finds that *“our DNA has always remained the same”*, this is well portrayed with their close attention to product quality and their close relationship with customers which can be noticed on social media. He is capable to innovate while still respecting the traditions inherited from his mother while adapting to changes in tastes and styles of the market. This approach made him win the award for Entrepreneur of the Year by the firm Ernst and Young in 2005. Moreover, for Peter, it was necessary to have a more customer-centric brand so he created the ANGHEL Club in 1998 which many passionate customers and collectors have joined. Due to Peter’s leadership, the business had continuous development and increasing growth. This was the driver for the establishment of the board of directors with Peter as the chairman. In 2014, the latter built a non-profit organization; The Leatriz Anghel Foundation, ONLUS to offer ceramic therapy workshops to 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 honoring 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 abroad to gain some entrepreneurial skills. He started to work outside of ANGHEL, 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 experience, he entered the family business when the product development position became vacant and he became a product manager. Later, he became the Omnichannel Retail Director. In this way, he took an operational role and was able to see the firm from the bottom and the fact that he did his managerial studies abroad gave him a lot of advantages within the family business. Today Martin is Vice President and manages Leatrizt Group with the CEO, Luca. For Martin, it is important to have an external CEO, outside the family, who will have a more objective approach regarding decision making especially when a new generation is taking part in the business and when the 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 activity 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 Leatrizt 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 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 particularities that have always distinguished the manufacture of its products. Now the third generation is facing a fundamental strategic dilemma.

On the first hand, expanding into global markets is not easy. How to convey the values and emotions that are connected to ANGHEL products while going international? 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.

### **Suggested references:**

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## EVALUATION

The evaluation parameters will basically be based on two main criteria:

- Knowledge of family business theory to identify the problem.
- Imagination in devising practical and non-trivial solutions to the problems raised.



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