FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ADMINISTRAÇAO DE EMPRESAS DE SÃO PAULO

EDUARDO DE PALMA

FAMILY OWNERSHIP AS A SOURCE OF GROWTH IN ITALIAN LUXURY FASHION COMPANIES: THE MAX MARA CASE

SÃO PAULO
2019

EDUARDO DE PALMA

FAMILY OWNERSHIP AS A SOURCE OF GROWTH IN ITALIAN LUXURY FASHION COMPANIES: THE MAX MARA CASE

Thesis presented to the São Paulo School of Business Administration of Fundação Getulio Vargas as a requirement to obtain the title of Master in International Management (MPGI)

Field of knowledge: Gestão e Competitividade em Empresas Globais

Supervisor: Prof. Dr. Susana Carla Farias Pereira

SÃO PAULO

2019

Palma, Eduardo de.

Family ownership as a source of growth in Italian luxury fashion companies: the Max Mara case / Eduardo de Palma. - 2019.

101 f.

Orientador: Susana Carla Farias Pereira.

Dissertação (mestrado profissional MPGI) – Fundação Getulio Vargas, Escola de Administração de Empresas de São Paulo.

1. Empresas familiares - Itália - Estudo de casos. 2. Empresas - Crescimento. 3. Luxo - Indústrias. 4. Moda - Itália. 5. Planejamento estratégico. 6. Concorrência. I. Pereira, Susana Carla Farias. II. Dissertação (mestrado profissional MPGI) – Escola de Administração de Empresas de São Paulo. III. Fundação Getulio Vargas. IV. Título.

CDU 334.722.24(45)

Ficha Catalográfica elaborada por: Isabele Oliveira dos Santos Garcia CRB SP-010191/O

Biblioteca Karl A. Boedecker da Fundação Getulio Vargas - SP

EDUARDO DE PALMA

FAMILY OWNERSHIP AS A SOURCE OF GROWTH IN ITALIAN LUXURY FASHION COMPANIES: THE MAX MARA CASE

Thesis presented to the São Paulo School of Business Administration of Fundação Getulio Vargas as a requirement to obtain the title of Master in International Management (MPGI)

Field of knowledge: Gestão e Competitividade em Empresas Globais

Approval date:

09 /04/ 2019

Examination Board:

____

Prof. Dr. Susana Carla Farias Pereira
(Supervisor)
FGV-EAESP

____

Prof. Dr. Carla Roberta Pereira
UDESC Joinville

____

Prof. Dr. Juliana Bonomi Santos
FGV-EAESP

ACKNOWLEDGMENT

To the father who gave his son all the opportunities, the mother who never failed in following her husband’s plan, the supervisor and course director who respected the student’s time frame, and the company who welcomed its employee as a family member.

ABSTRACT

This study shows evidence that family ownership is a source of multidimensional growth in Italian luxury fashion companies by analysing the empirical case of Max Mara Fashion Group.

A sample of 29 Italian luxury fashion companies was divided in three groups based on configuration of property. The Max Mara Fashion Group was chosen to represent those classified as "full family-owned". Features originated from Max Mara's ownership structure that allowed it to grow through integrated organic processes and reach increased dimensions in size were identified through document analysis and in light of the theoretical background in family ownership presented.

First, the custody of Max Mara's identity and consistency in corporate strategy was guaranteed by the entrustment of management to members of the founding family, which constitutes the first and most important opportunity for the sustainable growth of family businesses in the Italian luxury fashion industry.

Second, inheritance handed down from parent to child was found to be the most important guarantee of creation of bonds between the younger generation of the Maramotti family and Max Mara. Because the transfer of tacit knowledge fundamental to grow the company is originated from intuitive observations and learning processes put in place by the future owners in their first years of life, the family business is the ideal place for it to take place from a symbolic success and cultural contribution point of view.

Key words: Family ownership; Growth; Fashion.

RESUMO

Este estudo mostra evidências de que a propriedade familiar é uma fonte de crescimento multidimensional para empresas italianas de moda de luxo analisando o caso empírico Max Mara Fashion Group.

Uma amostra de 29 empresas italianas de moda de luxo foi dividida em três grupos com base em configuração de propriedade. O Max Mara Fashion Group foi escolhido para representar aqueles classificados como "propriedade familiar completa". Os recursos originados da estrutura de propriedade da Max Mara, que permitiram que ela crescesse através de processos orgânicos integrados e alcance grandes dimensões, foram identificados por meio da análise de documentos e à luz do referencial teórico em propriedade familiar apresentado.

Em primeiro lugar, a custódia da identidade e consistência de Max Mara na estratégia corporativa foi garantida pela entrega da administração aos membros da família fundadora, que constitui a primeira e mais importante oportunidade para o crescimento sustentável das empresas familiares na indústria de moda de luxo italiana.

Em segundo lugar, a herança transmitida de pai para filho foi considerada a garantia mais importante da criação de vínculos entre a geração mais jovem da família Maramotti e Max Mara. Como a transferência de conhecimento tácito fundamental para o crescimento da empresa é originada de observações intuitivas e processos de aprendizagem implementados pelos futuros proprietários em seus primeiros anos de vida, a empresa familiar é o lugar ideal para que ela ocorra de um ponto de vista de sucesso simbólico e contribuição cultural.

Palavras-chave: Propriedade familiar; Crescimento; Moda.

TABLE OF CONTENTS

1. INTRODUCTION

Since the beginning of the 90's, when Bernard Arnault took over the LVMH and started to build his luxury conglomerate, several Italian families seeking new growth opportunities decided to sell their fashion businesses and join big groups or private-equity funds.

The founders of Gucci, Versace, Fendi, Valentino, Marni, Moschino, Gianfranco Ferrè, Brioni, Pollini, Malo, and Krizia have sold the totality of their companies' capital. The founders of Bottega Veneta, Emilio Pucci, Roberto Cavalli, Loro Piana, and Sergio Rossi, majority stakes on it (Business of Fashion, 2018; Bloomberg, 2019).

In order to grow their businesses and retain control, other families decided to sell minority shares on their company's capital to private-equity funds or to list them in the stock exchange. They are the founders of Missoni, Prada, Salvatore Ferragamo, Tod's, Alberta Ferretti, and Brunello Cucinelli (Business of Fashion, 2018; Bloomberg, 2019).

Furthermore, six families decided to grow their businesses organically, retaining full ownership of capital. They are the founders of Max Mara, Giorgio Armani, Ermenegildo Zegna, Dolce & Gabbana, Etro, and Laura Biagiotti.

According to Corbetta (1995), a company is family-owned when one or a few families, linked by blood ties, affinity, or solid alliances, hold a portion of the company's capital enough to guarantee control over it. A company is also family-owned when one or a few families do not hold the absolute majority of capital, but exercise control due to mechanisms such as agreements stablished with other minority shareholders.

On the grounds of Corbetta's definition, a company could carry a "family" status even after the totality of its capital or a majority stake on it is sold by the founding family. As the Arnault family holds 47.2% of the LVMHV shares and the Pinault, 40.9% of Kering, the subsidiaries under these conglomerates are also family-owned (Bloomberg, 2019).

On the other hand, companies owned by families that not the founding ones differ in terms of organizational structure, business model, corporate management, and perceived image. As the

Arnault family has six members working within a group of over 60 brands, it is hard to imagine how its name could be indissociable from so many others, especially when they identify brands that rely so heavily on their heritage (Business Insider, 2019). These companies are, therefore, pseudo-family businesses, sharing from a “family” status strictly from a control point of view.

As a country of interest for researchers in ownership structure, Italy was chosen by those focused on the diffusion of family businesses during the European post-war (Carney, 2005; Corbetta, 1995; La Porta, Lopez-De-Silanes, & Shleifer, 2002). According to Corbetta & Salvato (2012), many pointed out this configuration of property as a cause of poor competitiveness for unsuccessful businesses and ignored it for successful ones.

Although several studies indicate that family ownership could be a source of growth in terms of turnover and profitability (Carney, 2005; Lee, 2006; Anderson & Reeb, 2003), others defend that the critical factors originated from it are sustained only for small and medium-sized companies or for those operating under very specific governance conditions (Villalonga & Amit, 2006; Andres, 2008).

In addition, many researches and commentators affirm that the widespread presence of big, family-owned companies is, in fact, a fundamental cause of crisis in several European economies. The owner families would be “capitalists without capital” for lacking on the financial resources to undertake major growth strategies and avoiding external investors afraid of losing their majority stake. Suffering from “the disease of nepotism”, they would be unable to develop succession plans that put competent professionals in governance or management positions (Corbetta & Salvato, 2012).

On the opposite side of the spectrum, Luigi Maramotti, chairman of Max Mara Fashion Group S.r.l. and son of the company’s founder, defends: “I believe that family businesses have an added value. If you take a walk through Italian history and through the workshops of great painters, you will see that the culture, knowledge, skill and motivation of those who work in the business, who carry out many tasks, are transferred from parents to children” (Deeny, 2018).

If Maramotti’s belief is true, family’s passion for its business could be an important source of growth as it would make the entrepreneur spirit to flow naturally from owners to employees.

The family atmosphere would collaborate for a good balance between the need of positive financial results and social responsibility and help employees to share from the feeling of being part of a long-term project together with the owner family.

In the luxury segment, “someone” is sold before “something”, and goods are ritualistic passed by one person to another instead of simply traded. In addition, the fashion industry is characterized by its labour intensity. Therefore, luxury fashion companies allocate considerable amounts of resources in training and educating employees as all of them act as brand ambassadors when consorting with clients. With human capital at the core of their operations, luxury fashion companies would fit as good incubators for the enthusiasm of their owner families (Winsper, 2007; Kapferer & Bastien, 2012).

Side-by-side to luxury fashion business, many other integrated or subcontracted companies contribute to the competitiveness of the fashion industry and the survival of the Italian industrial districts. They are specialized in specific activities of the fashion pipeline or in the manufacture of single product categories (Sun, 2012). Aware of the relevance of their legacy to the Italian fashion industry and national identity, they have become true missionaries of the “fatto a mano” (made by hand). As a consequence, family ownership could be a possible channel through which fashion companies and their contributors embody the “Made in Italy”, feel socially responsible for it, and explore it in their growth strategies.

When putting the fashion industry into perspective, not much seems to have been written about family ownership as a source of growth. Despite Carcano, Corbetta, & Minichilli (2011), which highlights the positive interaction between family business and “the luxury strategy” described in Kapferer & Bastien (2012), a possible long-lasting indifference to the topic may have resulted in a research gap in the business literature still to be filled.

Indeed, Family Business Review (SAGE Journals), Journal of Family Business Management (Emerald Insight), Journal of Family Business Strategy (Elsevier), and International Journal of Family Business and Regional Development (Inderscience) are just some of the periodicals that lack on publications about family ownership in the luxury fashion industry. In addition, Carcano, Corbetta, & Minichilli (2011) makes no reference to publications discussing the thematic.

The objective of this study is to assess whether family ownership could be a source of growth in Italian luxury fashion companies and identify the possible alternatives to this configuration of property. By analysing the case of Max Mara Fashion Group S.r.l. in light of the theoretical background, this study points out whether the company has managed to grow, among other factors, due to its ownership structure. With an answer in hands, one could justify the maintenance of the company's current configuration of property or a movement towards another one.

The Max Mara Fashion Group was chosen as the focal company of this study due to its active role in the revolution of the Italian ready-to-wear and author's personal attachment to it. In terms of family businesses, it illustrates a case of success for the entire fashion system as it contributes for the survival of the several specialized manufacturing districts in Italy.

As shall be discussed throughout this study, Max Mara's experiences combine contributions for the plastic arts, fashion, and culture, and offer a new perspective to analyse the thematic of family ownership and growth. Based on the company's steps since 1951, the true meaning of growth for family-owned luxury fashion companies in Italy will be revealed.

This introduction is the first of seven chapters. It contextualizes the family-owned company in the reality of the Italian luxury fashion industry, presents the doubts that surround this configuration of property as an engine of corporate growth, and introduces a research question to be explored and the objectives to be pursued.

Chapter two presents the main types and characteristics of family businesses, the context in which they are inserted in the Italian business reality, the growth strategies they typically implement, the advantages and disadvantages originated from their ownership structure, and the conditions under which they are competitive.

Chapter three regards the dynamics of the fashion industry and presents a definition of the terms "fashion", "fashion industry", "luxury", "luxury brand", "luxury good", and "luxury industry". It presents the fashion pyramid, a framework used to classify a fashion company based on the aesthetic elements of its garments as well as their price, quality, and perceived image, and discusses the four production logics under which a fashion company can operate,

namely ready-to-wear, made-to-measure, bespoke, and haute-couture. Furthermore, it introduces the reader to the dynamics of the fashion calendar.

Chapter four is dedicated to the methodology employed along this study and illustrates how qualitative research under the form of document analysis was used to answer the research question.

Chapter five presents the alternatives of luxury fashion companies to full family ownership based on the steps followed by Gucci, Versace, Fendi, Valentino, Marni, Gianfranco Ferrè, Brioni, Bottega Veneta, Emilio Pucci, Roberto Cavalli, Moschino, Loro Piana, Sergio Rossi, Missoni, Prada, Salvatore Ferragamo, Tod's, Brunello Cucinelli, Max Mara, Giorgio Armani, Ermenegildo Zegna, and Dolce & Gabbana. It also highlights the advantages and disadvantages of each alternative and critical factors that make them successful.

Chapter six introduces the empirical case of Max Mara Fashion Group and analyses it in light of the findings from chapters two, four, and five.

Chapter seven concludes.

2. THE FASHION INDUSTRY

Of common use on a daily basis, the word “fashion” refers to several concepts, including a non-spoken language and a group of organizations. To explore the amplitude of meanings, the following paragraphs approach the word through four perspectives.

From a semantic point of view, fashion is a language composed by signs, symbols and iconography that non-verbally communicate meaning about individuals and groups. In addition, it is also a body technique, which articulates certain aspects of the language, gestures, and disciplines of the body in its habitus (Thomas, 2007).

From an aesthetic point of view, fashion refers to the sketch of a designer influenced by past or contemporary cultural elements and by aesthetic and sociological contexts. It is a continual, largely uninterrupted, and institutionalized succession of stylistic changes in dressing, adornment, and decorative design (Davis, 1992).

From a technological point of view, fashion is a wearable textile construction industrially replicated whose meaning is given by marketing techniques.

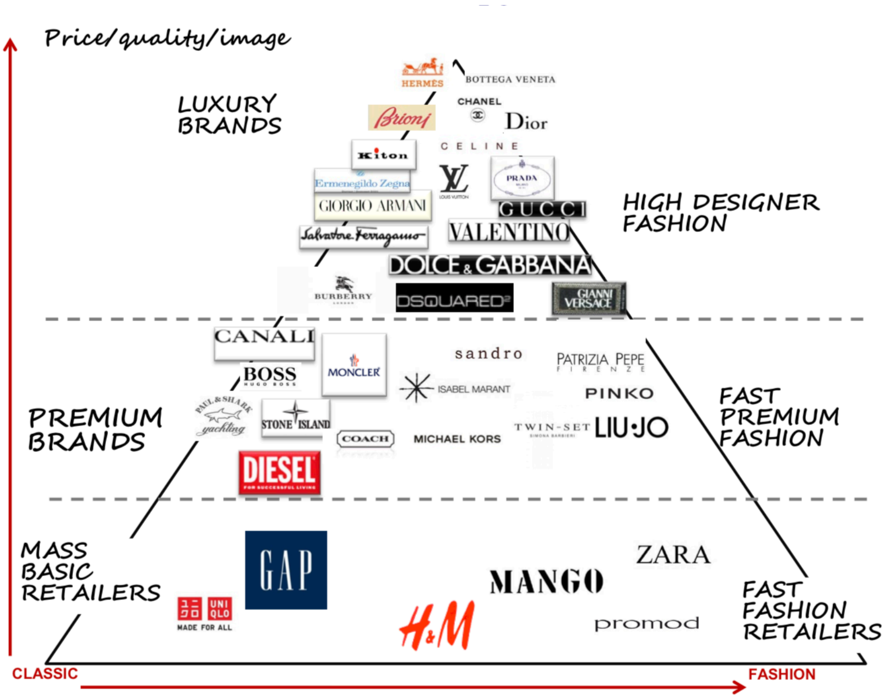
From a managerial point of view, fashion describes a business model and branding strategy identified in Kapferer & Bastien (2012).

Yet all the aforementioned definitions have their relevance in specific contexts, the technological and managerial perspectives serve the best for the purpose of the present study.

If fashion refers to a textile construction, then “fashion” and “textile” could refer to the same industry, but they do not. Although both terms define a group of organizations manufacturing garments out of yarns of natural and synthetic fibres, a product of the textile industry used as raw material in another manufacturing process, such as a piece of cloth or fabric, has often no meaning defined by marketing techniques. In addition, footwear and leather-goods are not textile constructions, but still fundamental product categories within the fashion industry. Overall, both industries are only partially overlapping.

Within the fashion industry, defined as a group of organizations manufacturing garments, footwear, and accessories whose meaning is defined by marketing techniques, different market segments can be identified. They are illustrated by the framework presented in Figure 1.

Figure 1: The fashion pyramid



Source: Bain & Company, 2017

At the bottom left side of the fashion pyramid, “mass basic retailers” produce standard-sized garments sold at low prices to a wide range of consumers. These garments are manufactured through fully automated processes using simple techniques and often low-quality materials. The brands that label these garments give them meaning through marketing techniques, but they are often of little or no prestige. Based on the definition of “fashion” described by the aesthetic perspective, these garments are considered “classic” for lacking on relevant cultural and sociological contemporary elements.

Moving to the right along the horizontal axis, cultural and sociological elements are added, and garment starts to exist as part of a specific social context. As the manufacturing process still

relies on low quality materials and automated techniques, the fashion information carried does not reflect on superior quality in terms of durability neither elevates the brand to a superior market segment. Although able to display the same trends as “high designer fashion” on their windows due to flexible and highly-responsive organizational and logistic structures, “fast-fashion retailers” price their garments in line with those from the mass segment and serve a similar consumer in terms of purchase power.

In terms of functionality, garments of “premium brands” might perform just like those of “mass” and “fast-fashion” retailers, but as they are priced at a premium, manufactured with materials of reasonable or superior quality, and have their brands endorsed by strong marketing elements, they are elevated to a medium-upper segment. The brands carried by these garments are often diffusion lines of higher-positioned “high designer” brands, working as a bridge between the top and bottom of the pyramid. Despite the higher price, they could still be considered accessible as they profit from volume strategies (Kapferer & Bastien, 2012).

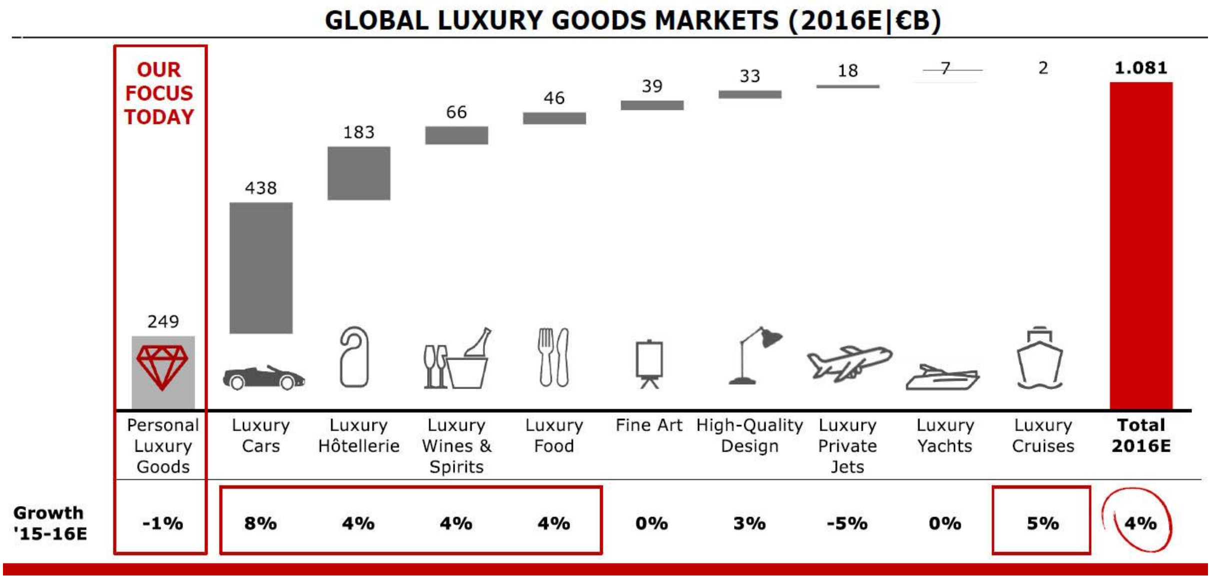
On the top-level market segment of the fashion pyramid, “high designer fashion” brands sell the vision of acclaimed creative directors and manufacture garments with high quality materials and attention to detail. As these are much higher-priced than those of “premium” diffusion lines and depend, in some extend, on the sales of specific icon styles to finance their operations, the “fashion” content is not extended with the same intensity to all pieces in the collection as fast-fashion retailers do (Kapferer & Bastien, 2012).

At the very top of the pyramid, “luxury brands” offer products that balance the cultural elements and codes of the season and the company’s heritage in its main production activity. Selling at the top price range within each of its products’ category, a much higher share of the collection suffers little or no alteration throughout the seasons (“carry-overs”). In the luxury segment, price mark-downs are limited or non-existing, elevating brands and giving them and their products an aura of exclusivity (Kapferer & Bastien, 2012).

Therefore, luxury products can be defined as those expected to deliver superior quality and timelessness, stylish and extravagant in terms of design, advertised with a strong branding that relates to an exclusive lifestyle, and priced at premium (Comitè Colbert-McKinsey, 2001).

Furthermore, "luxury industry" does not refer to an industry on the traditional sense of the word. As products from several industries may carry a "luxury" status, luxury industry, in fact, refers to the collective of luxury segments of several industries within an economy. This idea is expressed by Figure 2 below, in which garments are included in the "personal luxury goods" category.

Figure 2: The luxury industry as an aggregate of luxury segments of several industries



Source: Bain & Company (2016)

The term "luxury" can also refer to a business model that elevates brands to the top segment of their product categories, described in Kapferer & Bastien (2012). By leveraging intangible elements of singularity such as time, heritage, and country of origin, the main goal is to create the highest brand price power. By fully vertically-integrating both upstream and downstream, companies that implement a luxury strategy control manufacturing quality and consumer retail experience, offering a unique yet consistent service.

In general lines, the core tenet of the luxury strategy is to create a one-to-one direct relationship with the client by long selling products instead of best selling them. As an example of business model governed by a luxury strategy, one could cite Louis Vuitton. Although it offers a broad

range of affordable entry-level products and its mid-ranged monogramed canvas bags can no longer be considered exclusive, the company relies little on fashion trends and focuses on timeless pieces that never have their prices marked-down. With a high exposition to the direct retail channel, the company has managed to offer a consistent shopping experience across different geographies (Kapferer & Bastien, 2012).

In addition to the luxury strategy, Kapferer & Bastien (2012) highlights the "fashion" one, in which heritage and time are less relevant. Fashion sells being fashionable, a "very perishable value". As garments lose their appeal, they are sold at mark-downs by the end of each season. As the fashion item is not bought to last, quality does not have to be of the highest level and production can be shift to low wage countries to increase margins. Furthermore, fashion is expressed through accessories more than through apparel (garments) and so brands of high exposition to these product categories are more likely to adopt this type of business model.

Overall, due to the country's heritage in the manufacture of leather goods, Italian fashion companies commonly adopt fashion strategies, while French are more inclined to luxury. A luxury strategy, though, could be implemented to manage a brand's specific line or product category, as it happens with Max Mara (Kapferer & Bastien, 2012).

Although a reference in terms of merchandize, most of Max Mara sales comes from a few iconic coats. These pieces have remained the same in terms of design since their creation, dating as far as 1981. In these range of products, clients are much less price sensitive and price mark-downs never take place.

2.1. Production logic

Within the fashion industry, the dominant logic is that of ready-to-wear ("prêt-à-porter" or "off-the-rack"). A garment is ready-to-wear when sold to the final consumer in finished condition at standard sizes. Industrially manufactured and either mass-produced or in limited amount, ready-to-wear allows for little or no customization and represents the vast majority of garments sold in the traditional retail and wholesale channels.

Bespoke, on the other hand, refers to a pre-industrial manufacturing logic in which the figure of the bespoke tailor creates a garment from scratch. After measuring several of a client's dimensions, the bespoke tailor creates a unique garment based the client's functional and stylistic preferences. As this participates of several fittings and is presented to raw materials of the highest quality, bespoke pieces are highly priced and largely inaccessible for the majority of population.

The made-to-measure production model lies between ready-to-wear and bespoke and it was created to fulfil the gap between these two extremes. The garments that follow this production logic are originated from pre-existing models altered to fit a client's dimensions and obtained from a single and final fitting. Overall, a small share of the process is made by hand but yet sufficient to allows for some level of customization.

Finally, haute-couture is a legally protected term that refers to high-luxury garments handmade in Paris under strict conditions defined by the French Syndic Chamber for Haute Couture. With less than 2,000 clients in the world, haute couture ateliers are reduced in size and present two collections a year. As of today, 29 houses ("maisons") participate of the haute couture season, divided among 14 officials, 5 correspondent (foreigner), and 10 guest members. Among the most famous, Chanel, Christian Dior, Giambattista Valli, Givenchy, and Jean Paul Gaultier develop master pieces of art that could take hundreds of hours of work and achieve 6 figures price tags (CCI, 2018).

2.2. The fashion cycle

Since an early age, fashion shows have been used almost exclusively as industrial events for the press and buyers to preview a fashion designer's collection. Today, these runway events were transformed into massive marketing opportunities covered by digital influencers from all over the world and transmitted live through the brands' official websites and Instagram accounts. As a consequence, the traditional fashion calendar has increased in complexity and became more extensive as it has ever been.

For the womenswear prêt-à-porter (ready-to-wear) collection, Autumn/Winter shows in February and March and Spring/Summer shows in September and October have always been

a tradition. With the growing relevance of menswear, though, many labels have started to present their men's line in separated fashion weeks, which take place mostly in January for Autumn/Winter and June and July for Spring/Summer. In addition, Parisian ateliers present their haute couture collections twice a year, in January and July (refer to Table 1).

For the ready-to-wear seasons of New York, London, Milan, and Paris, over 150 shows are exhibited a year. In addition to two annual haute-couture seasons, these cities' fashion calendars already run through 90 days of the year, with many designers creating up to eight collections (BoF, 2017).

"Pre-Fall" and "Cruise" or "Resort" collections were recently added to the fashion calendar of several designers. These collections became not only indispensable in terms of profitability but maybe almost as relevant as the traditional Spring/Summer and Autumn/Winter.

The Cruise collection, synonym for Resort, Pre-Spring, or Holidays, is presented right after Fall/Winter sales and before the arrival of the Spring/Summer collections, exhibited in the previous year. Even though this collection's purpose was initially related to its name, Cruise today features outwear pieces to target traveller American and European clients and also to contour the effects of global climate changes. Traditionally starting in November to capitalize north-hemisphere's December and January holidays, big names like Chanel, Dior, Louis Vuitton, Gucci, Prada, and Fendi have already relived themselves to the Cruise collections and presented shows in Havana, Tokyo, and Rio de Janeiro.

The Pre-Fall season, on another hand, usually takes place in December and January, yet some designers present these collections in April and May. Like in the Cruise collection, the Pre-Fall is usually designed through a more commercial approach, but presentations are not necessarily developed on much smaller scales. Still, this collection arrives when the actual Autumn/Winter pieces are still being produced, which guarantees new garments to fulfil shops in the mid-season.

On Table 1, the 2018/19 fashion calendar for New York, London, Paris and Milan is presented. A "N.A" stands as location for the Pre-Fall and Cruise seasons as they do not belong to a specific fashion week.

Table 1: 2018/19 fashion calendar of London, Milan, Paris, and New York Fashion Weeks

2018/19 Fashion Calendar				
Location	Gender	Collection	Season	Period
N.A.	Womenswear	Ready-to-wear	Pre-Fall 2018	Jan 2018
London	Menswear	Ready-to-wear	Autumn/Winter 2018	Jan 2018
Milan	Menswear	Ready-to-wear	Autumn/Winter 2018	Jan 2018
Paris	Menswear	Ready-to-wear	Autumn/Winter 2018	Jan 2018
Paris	Womenswear	Haute couture	Spring/Summer 2018	Jan 2018
New York	Menswear	Ready-to-wear	Autumn/Winter 2018	Jan/Feb 2018
New York	Womenswear	Ready-to-wear	Autumn/Winter 2018	Feb 2018
London	Womenswear	Ready-to-wear	Autumn/Winter 2018	Feb 2018
Milan	Womenswear	Ready-to-wear	Autumn/Winter 2018	Feb 2018
Paris	Womenswear	Ready-to-wear	Autumn/Winter 2018	Feb/Mar 2018
N.A.	Womenswear	Ready-to-wear	Pre-Fall 2018	Apr/May 2018
N.A.	Womenswear	Ready-to-wear	Cruise/Resort 2019	May/Jun 2018
London	Menswear	Ready-to-wear	Spring/Summer 2019	Jun 2018
Milan	Menswear	Ready-to-wear	Spring/Summer 2019	Jun 2018
Paris	Menswear	Ready-to-wear	Spring/Summer 2019	Jun 2018
Paris	Womenswear	Haute couture	Autumn/Winter 2019	Jul 2018
New York	Menswear	Ready-to-wear	Spring/Summer 2019	Jul 2018
New York	Womenswear	Ready-to-wear	Spring/Summer 2019	Sep 2018
London	Womenswear	Ready-to-wear	Spring/Summer 2019	Sep 2018
Milan	Womenswear	Ready-to-wear	Spring/Summer 2019	Sep 2018
Paris	Womenswear	Ready-to-wear	Spring/Summer 2019	Sep/Oct 2018
N.A.	Womenswear	Ready-to-wear	Cruise/Resort 2019	Oct/Nov 2018
N.A.	Womenswear	Ready-to-wear	Pre-Fall 2019	Dec 2018

Source: Elaborated by the author with data from BoF

On a regular basis, fashion brands start developing their collections five to six months prior to the respective fashion week exhibition. A regular womenswear Spring/Summer collection, for instance, starts to be manufactured in April or May, is exhibited in the September fashion shows, and becomes available in stores in next year’s February or March.

Designing six to eight collections a year and following a calendar in which media and retail events are disconnected, creative directors have experienced and increased pressure over their work. Expected to create more looks per collection and more pieces per look than ever before, the turn-over rate among creative directors of iconic fashion companies has never been so high.

As a solution for increasing complexity in the fashion cycle, many companies have announced the unification of their menswear and womenswear fashion shows. For instance, Saint Laurent Paris, Coach, Kenzo, and Calvin Klein have announced the combination of their Autumn/Winter men's and women's collections. Bottega Veneta, Dsquared2, Gucci, Paul Smith, and Vivienne Westwood, on another hand, have unified their men's and women's collections for both Spring/Summer and Autumn/Winter seasons (BoF, 2017).

As another strategy adopted to diminish complexity and deliver instant gratification to attract a younger consumer generation, some fashion companies have aligned their production and retail calendars either for selected products or for their whole collection.

Prada has decided to stick to the traditional fashion calendar, but one day after its February Autumn/Winter 2016 show, its new Pionnière and Cahier bags were already available both online and in selected stores in Milan, Paris, London, and New York (BoF, 2017).

Burberry, Tom Ford, Ralph Lauren, and Tommy Hilfiger have gone much further and adopted the so-called "see-now, buy-now" model. By decreasing their lead-times and pressuring sales channels, these fashion companies can start selling at retail level immediately after their fashion shows. As the pioneer of this model, Burberry's 2017 Spring/Summer collection started to be developed in January 2016 and was both exhibited and available in stores in the very same day of September (BoF, 2017).

According to Christopher Bailey , Burberry's former CEO and creative designer: "You normally design the full show, then you show the show, and then your supply chain starts to kick in, […] Now, we will be designing the show and, as we're doing that, we will be passing things over immediately to our supply chain partners to say 'Let's look at the lead times on this; how can we work with this factory to get this on the date that we need it?'" (BoF, 2017).

Even though results of the see-now, buy-now model seem to be positive, instant gratification is often believed to go against the fundamentals of luxury and the time gap between the launching of a new collection and its availability in stores would create desire by allowing for both cultural and personal development around a piece throughout intense exposition, endorsement, and customer projection into that product (BoF, 2017).

Although some believe on the “see-now, by-now” as a marketing strategy to increase sales in the short-run only, no company has dropped the model yet and the number of those adopting it has only increased (BoF, 2017).

3. FAMILY OWNERSHIP

A company is family-owned one or a few families, linked by blood ties, affinity, or solid alliances, exercise control over it. Control is exercised by those who hold a majority stake on capital or who stablished agreements with minority shareholders. Family-owned companies, therefore, differ from those controlled by individuals, other companies, or institutions independent from each other. They also differ from public companies owned by the State (Corbetta, 1995).

To identify the different types of family-owned companies, one can refer to the three parameters. They are “organization”, “management”, and “size”.

The parameter of organization refers to the ownership of a company’s capital and allows to distinguish 4 models (Corbetta & Salvato, 2012):

1) Absolute ownership, when capital is fully owned by a single entity;
2) Closed nuclear ownership, when capital is fully owned by less than 6 members of the same family;
3) Closed extended ownership, when capital is fully owned by 6 or more members of the same family or by a few families;
4) Open ownership, when a minority stake on capital is owned by members external to the owner family or families;

The parameter of management refers to the composition of a company’s management and Board of Directors (BoD) and allows to distinguish 3 models (Corbetta & Salvato, 2012):

1) Corporate management and BoD are composed exclusively by members of the owner family(s);
2) Corporate management is composed by members and non-members of the owner family(s). BoD is composed exclusively by members of the owner family(s);
3) Corporate management and BoD are composed by members and non-members of the owner family(s);

The parameter of size regards to a company's staff. Based on the standard defined by the Organization of Economic Co-operation and Development (OECD), it allows to distinguish 3 models (Corbetta & Salvato, 2012; OECD, 2005):

1) Small-sized companies, when staff is smaller than 250 employees;
2) Medium-sized companies, when staff is between 250 and 500 employees;
3) Large-sized companies, when staff is bigger than 500 employees;

Combining the three parameters among each other, it is possible to distinguish four types of family businesses, which can sometimes represent four stages of development of the same company along its life cycle (Corbetta & Salvato, 2012). They are:

1) Domestic family businesses;
2) Traditional family businesses;
3) Extended family businesses;
4) Open family businesses;

Domestic family businesses are characterized by closed nuclear ownership, exclusive presence of family members in both management and Board of Directors, and small staff size. These are the companies in which the family-business relationship assumes its maximum intensity.

When domestic family businesses grow in terms of turnover and profitability by increasing the quality of their products and delimiting their competitive environment, they have grown without dimensional leap. When they grow in terms of staff size and include one or more non-family members in management position, they have grown with dimensional leap and therefore become traditional family businesses.

Traditional family businesses are characterized by closed nuclear ownership, medium or large size, exclusive presence of family members in the Board of Directors, and presence of external members in the company management. They have undergone a process of “structural reorganization”.

The structure reorganization represents a critical transition process of family businesses and requires the achievement of a certain maturity by the entrepreneur, especially when he/she is also the founder (Dematté & Corbetta, 1994).

The first signs of structure reorganization can be seen with the hiring of an outsider right arm employee by the company's founder, who understands that all the necessary talents to run a successful business are unlikely to blossom within a single family. The right-arm employee strongly relates to the company and to the entrepreneur, sharing the care for the overall management without a precise delimitation of responsibility.

Subsequently, the entrepreneur can decide to delegate some areas of responsibility to members external to the owner family. The right arm employee could oppose itself to the hiring of external managers as it sees the delimitation of responsibilities as a personal threat.

Furthermore, the right-arm employee is bound to the entrepreneur, and not to the family. As a consequence, it might not be seen by other members of the owner family as legit. Despite its relevance to the company, the right-arm employee might no longer be part of the company when a second-generation member takes lead (Corbetta & Salvato, 2012).

After the resistances to structure reorganization are overcome, the company assumes a sufficient managerial structure to supervise. With adequate resources and skills, the greater dimension is achieved (Corbetta, 1995; Dematté & Corbetta, 1994).

Extended family businesses are characterized by medium or large size, closed extended ownership, and presence of members external to the owner family(s) in both management and Board of Directors. These are usually second or third-generation companies and, as a consequence, typically face two related problems: the generational drift and the cool off of the family (Corbetta & Salvato, 2012).

The "generational drift" regards the increase in the number of family members as the generations progress. The "cool off of the family" regards the inevitable "loosening" of emotional bonds and identification with the company as the generations move away from that of the founder.

Family businesses may try to limit the effect of the aforementioned problems due to the risk of conflict in case of disagreement among the involved family members. The limitation takes place through particular policies such as transmission in accordance to male-dominated logic, thus limiting female family member’s ownership, transmission with monarchical logic, limiting the number of owner members to one or maximum two people, and “pruning”, which consists in favouring the exit of some members from the ownership structure (Corbetta & Salvato, 2012).

The extended family businesses may also face problems originated from the discrimination of family members as these could act as pure shareholders, involved-in-management, or shareholders who exercise active roles in management or corporate governance. This differentiation often leads to conflicts, especially in regard to three main policies: dividend, securities trading, and corporate communication (Corbetta & Salvato, 2012).

Family members who act as pure shareholders are more likely to be interested in a transparent communication of the company’s results, receiving dividends compatible to their needs, and in freely trading their shares, so they can easily disinvest once no longer interested in owning the company (Corbetta & Salvato, 2012).

The family members involved in the managing, on the contrary, are often inclined to limit corporate communication aiming confidentiality, to lower the share of distributed profit to maintain the company's liquidity reserves, and to limit the mobility of securities in order not to damage the company’s ownership structure (Corbetta & Salvato, 2012).

The management of relations between the pure shareholder and involved-in-management roles should be addressed with two dimensions in mind: the family's tension to maintain its unity and the tension to seek the best for the family company, which relies, in fact, in the ability to distinguish the interests of the company from those of the family (Corbetta, 1995).

Also essential is the presence of a Board of Directors composed by both family and independent members, which ensures an effective management of relations between the two categories and encourages, in particular, the participation of non-managing shareholders in the main decisions regarding company governance (Corbetta, 1995).

Furthermore, extended family businesses often turn to consultants specialized in the challenges of family businesses to develop a family pact and to implement regulatory bodies (Corbetta & Salvato, 2012).

The family pact is a document fundamental to maintain the coherence and responsibility of all owners towards the company. It could concern a specific content, like the business mission and family values, or concrete rules for transferring or the eventual liquidation of the ownership.

Regulatory bodies, on the other hand, could take the shape of a Family Council, an institution that guarantees the representation of the interests of different family.

Open family businesses are companies in which control is held by the founding family, but ownership is shared with external partners. In this case, both Board of Directors and company management are at least partially composed by external managers. These companies tend to be of medium or large size (Corbetta & Salvato, 2012).

The opening of capital to shareholders outside the owner family requires the exclusion of the policies that do not respect the transparency required by the new capital owners. This implies for the owner family (Corbetta & Salvato, 2012):

1) The adoption of a valid system of Corporate Governance, understood as the set of principles and rules that aim to guarantee transparency and effectiveness in management;
2) The establishment of a Board of Directors composed partly of independent directors, which guarantees the adequate representation of stakeholders external to the owner family;
3) The exclusion of policies that can be discriminatory against external managers, like unjustified promotions of incapacitated family members, excessive retribution to members of the owner family, etc;

In the corporate reality, Italian family businesses often belong to a family holding. The holding structure allows for (Corbetta & Salvato, 2012):

1) Tax savings through appropriate location of the Holding;

2) The creation of a group with no conflicts between shareholders as the key decisions regarding the family's assets are made at the Holding level, separating them from the business decisions concerning the operating companies;
3) The possibility to maintain or stabilize control by cutting the issuance of some shares in order not to cause damage to the company;
4) The creation of operating companies at the lowest levels of the group in which young people in charge of entrepreneurial succession can work, so that a possible mistake would not seriously harm the Group as a whole;

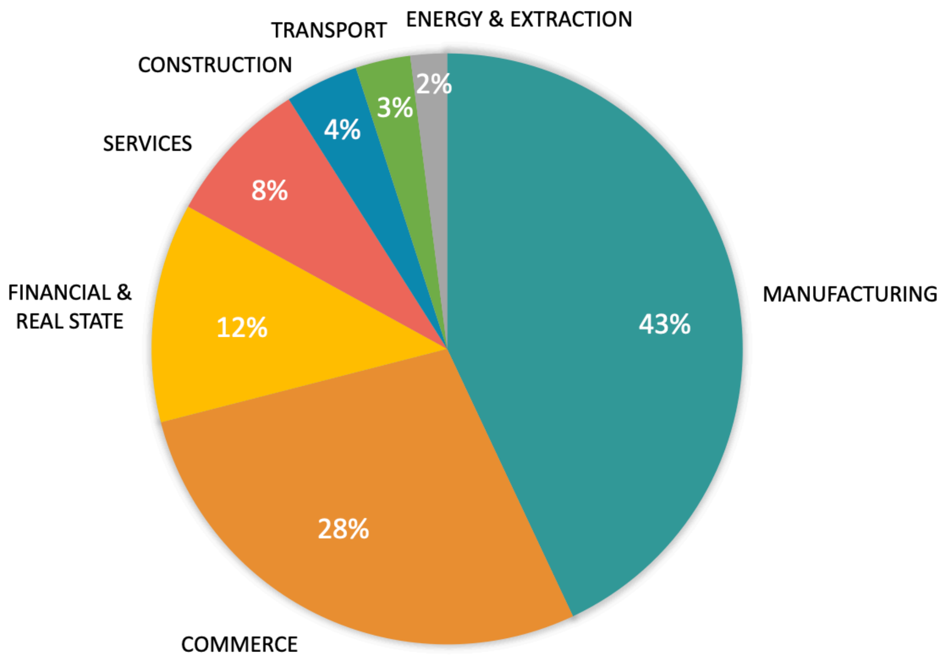
3.1. Family businesses in Italy

As of February 2019, Italy had 784,000 family business, which represents 85% of the total number of companies in the country. This share is in line with that of the main European economies, like Germany (90%), Spain (83%), France (80%), and UK (80%). However, Italy is set apart from its peers when it comes to corporate governance. While 26% of French and 10% of British family businesses are fully managed by members of the owner family, this number is as high as 66% in Italy (AIDAF, 2019).

In addition, out of the 6,900 large-sized Italian businesses (annual turnover above € 50 million a year), around 4,000 are family-owned, which represents 58% of the companies in this size category in the country. On average, Italian family businesses are smaller than non-family businesses in terms of revenues, even though they employ 70% of the country’s labour force (AIDAF, 2019).

According the AUB Observatory, a database that possesses detailed and up-to-date information on property, governance, management, and economic financial performance of 2,700 Italian family-owned businesses with turnover equal to or above 20 million euros, 43% of them operate in the manufacturing industry, which englobes the fashion one. The breakdown is exhibited in Figure 3 below (AIDAF, 2016; AIDAF, 2019).

Figure 3: Share of companies monitored by the AUB Observatory per sector



Source: Elaborated by the author with data from AIDAF (2019)

In strategic terms, both family and non-family businesses have increased strategic complexity. Over the past 10 years, growth in revenues, increase in the number of employees, entry into new strategic segments, and increase of the degree of internationalization have been important objectives for both types of companies (AIDAF, 2019).

3.2. Growth strategies of family businesses

From a corporate perspective, growth refers to the generation of value to shareholders. Although many companies succeed in increasing revenues and net income for extended periods of time, value is created only when the annual total shareholder return exceeds the company's cost of equity (Bain & Company, 2000).

On the other hand, one could argue that the aforementioned view on growth is limited to a purely financial optic. In the fashion industry and specifically in the luxury segment, in which a significant share of the manufacture process is hand-made, looking after stakeholders that not shareholders is fundamental to evaluate growth.

Furthermore, a fashion company also grows by developing the environment in which it is inserted. This includes not only growing staff size and increasing employee welfare but also developing symbolic elements such as the regional culture, which can be expressed by a specific technique to worship raw materials, or even an aesthetic or style on itself.

Along a family business' life-cycle, growth can also take place without dimensional leap and be organic or inorganic. Growth is organic when resulted from the development of a company's own business activities. Growth is inorganic when originated from the acquisition of other companies (Cambridge Business English Dictionary, 2019).

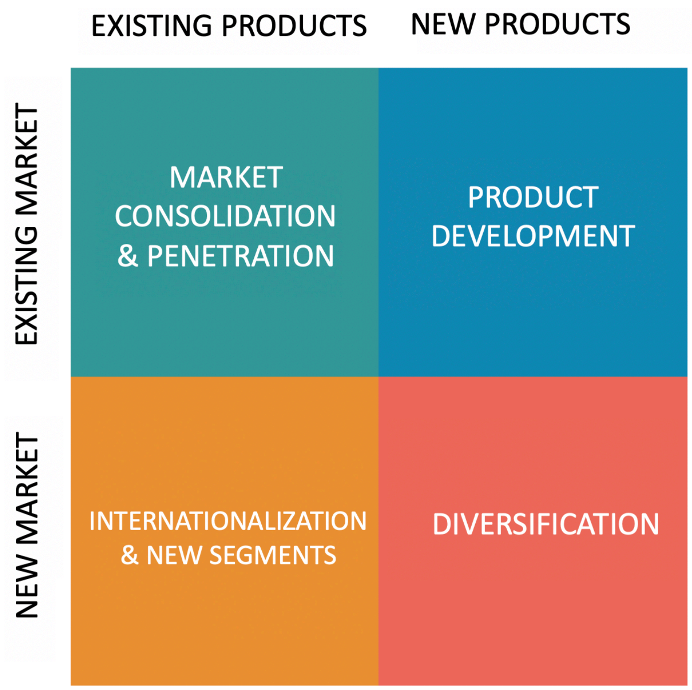
A company grows with dimensional leap when it increases its personnel employed. When this condition is not satisfied or when resources are insufficient to implement a process that increases internal complexity, growth without dimensional leap can profitably develop through the strengthening of core competences, the delimitation of the company's own competitive field, and the continuously improvement on the quality of its products (OECD, 2010).

In the reality of family businesses, the implementation of a successful growth strategy is often conditioned to (Corbetta & Salvato, 2012):

1) the presence of a family owner who is predisposed to sustain growth and who does not see it as a threat to his/her personal control;
2) a profitable business at the beginning of the growth path;
3) a low debt rate at the beginning of the growth path;
4) a good degree of international presence, as many Italian family companies compete in niche markets;
5) belonging to a sector of good growth opportunities (less mature industries);

Organic growth strategies differ based on the nature of product sold and market explored (existing or new). Figure 4 below refers to the Ansoff Matrix and illustrates the possible organic growth strategies pursued by family business.

Figure 4: The Ansoff Matrix



Source: Elaborated by the author based on model of the computer software company Cascade Strategy (Cascade Strategy, 2018)

Market consolidation and penetration strategies, which fall within the first quadrant of the Ansoff Matrix, typically aim to build a certain competitive position in the market. Here, “consolidation” means the protection of the company in the markets in which it already operates, without necessarily implying a gain of market share. “Penetration”, on the other hand, means exactly the attempts to gain market share. These strategies are common to both family and non-family businesses in the initial phases of their life cycle, often alternating.

Product development strategies regard the offer of new products to the markets in which the company already operates. It is a well stablished strategy in family businesses as it allows for

the maintenance of competitive advantages without the need of dimensional leap, often feared by owner families (Corbetta & Salvato, 2012). This strategy can also characterize the first phases of the company's life cycle, followed by strategies of diversification or inorganic growth.

Internationalization and new segments strategies take place when there are little or no opportunities for the company's development in the current markets or market segments in which it operates. The company may decide to turn its supply to new markets through internationalization or penetration into new market segments.

In the context of family businesses, many companies have decided to internationalize before the saturation of the domestic market, such as Bulgari and Benetton. Penetrating new markets, on the other hand, often takes places during the transition from a distribution channel to another.

In the context of the luxury industry, internationalization is a fundamental phase of a company's life-cycle as it often operates in small niche markets.

Diversification strategies refer to the offer of new products in new geographies or consumer segments. These could be related or unrelated.

In the context of family businesses, diversification almost never occurs in sectors totally unrelated to the original core business of the company. In fact, it is almost always a case of narrow or related diversification (Corbetta & Salvato, 2012).

In the context of fashion companies, several ready-to-wear manufacturers expanded their product range to accessories, such as Max Mara, Ermenegildo Zegna, and Valentino. Less commonly, the opposite was followed by Tod's and Bottega Veneta, in both cases unsuccessfully (Kapferer & Bastien, 2012). Expanding from ready-to-wear to accessories or the other way around did not build these companies' a path outside the fashion industry. Therefore, these strategies refer to related diversification.

Among the rare examples of fashion companies that successfully implemented unrelated diversification, Fendi, Missoni, and Versace expanded their brands to home wear. Armani and

Bulgari have gone even further. They have created Armani Dolci, Armani Fiori, Armani Hotel, and the Bulgari Hotel.

To support the organic growth strategies illustrated by Figure 4, a luxury fashion company can also choose to vertically integrate. While diversification involves a company moving into an entirely new value chain, vertical integration involves moving to a new part of a value chain in which the company is already within.

In the luxury segment, movements towards vertical integration are often seem as opportunities of synergies not only at the strategic level, but also in terms of mission and inspiring values. In 2014, Ermenegildo Zegna purchased a 60% stake in Achill, a merino sheep farm in New South Wales. As customers nowadays want to know where the clothing they are wearing come from, the acquisition has allowed Zegna not only to guarantee control over the raw materials necessary for its operations but also to tell a story about sustainability and transparency (Business of Fashion, 2017).

In the fashion industry, taking into consideration the increase in prices of raw materials such as calf leather and exotic skins, vertical integration allows companies to secure sources of precious materials and expertise that bring competitive advantages. In 2013, Kering acquired the exotic leather specialist France Croco. In that same year, Hermès acquired Tanneries d'Annonay, a factory of heartland leather in Belgium (Business of Fashion, 2017).

The scheme proposed up to now is highly simplified: it is not always so easy to distinguish in which "quadrant" of the matrix comes a specific strategic action and, above all, the individual strategies proposed so far are not mutually exclusive and can be pursued simultaneously. Think, for example, about Max Mara's creation of its avant-garde line Sportmax in 1976. There is certainly an extension in the range of products offered (top right quadrant) but the company has also reached a new consumer segment (bottom left quadrant).

Any strategy, whether it is entering into a new market or developing a new product, will aim to strengthen the company's competitive position in the long term, and will therefore fall into the upper left quadrant of the Ansoff matrix at some point.

In general lines, inorganic growth strategies are implemented through acquisitions. They play an important role in the development of family businesses, even though they involve mostly large and well stablished companies.

Acquisitions and other types of extraordinary financial transactions represent the fastest way to obtain similar results to those of organic growth strategies. They can allow the purchasing company to sell new products, to enter new markets, and to diversify. However, the search for a new business is a complex strategic operation that often leads to failure.

For a family business, several could be the motivations for acquiring: the possibilities of industrial, commercial or marketing synergies, the opportunities offered by deregulation in the sector of belonging, or even an easier way to access a sector characterized by high barriers to entry. Like in the case of diversification strategies, many times the acquired company operates in a business related to the one of the acquiring (Worek, 2017).

When a family business decides to grow by acquiring another company, its status of family-owned remains unaltered. This is the case, a priori, of Prada, Tod's, and Ermenegildo Zegna, which have acquired Church's and Car Shoe, Roger Vivier, and Thom Browne, respectively.

When a family business decides to grow by selling its company capital to another business, this movement could represent an alternative to family ownership more than a simple growth strategy. In case the company sells the totality of or a majority stake on its capital to a non-family-owned business, this company can no longer be considered family-owned under the definition proposed in Corbetta (1995). In case the acquirer is family-owned, the acquired loses its status of a true family business. Belonging to a family that not the founding one, the acquired company becomes no more than a pseudo-family business.

As selling the totality of or a majority stake on capital represents an alternative to true family ownership, these strategies will be deepened on chapter 5.

Although a family business could also sell minority stakes on its capital, this strategy seems to have little space in the luxury fashion industry. Instead, it works as a channel through which companies acquire the majority or often the totality of another company's capital. Two possible exceptions could be the acquisition of 41.2% of Missoni by the FSI Mid-Market Growth Equity

Fund in 2018 and 20% of Versace by The Blackstone Group in 2014 (Reuters, 2017; Reuters 2018).

To complete the reflections on the growth strategies implemented by family businesses, one cannot go without citing listing on the stock exchange. Although traditionally associated as a source of financing, an Initial Public Offering (IPO) can have a significant impact in a company’s ability to grow.

The characteristics of the "open family businesses" were already explored in the previous pages. In this companies, although control is still held by the owner family, some shares of the capital are in the hands of external investors.

Today, around 190 family business are listed in the Italian stock exchange. Although this type of business represents 85% of the total number of companies in Italy, their share in the country’s shareholding market is reduced at 60% (AIDAF, 2019).

Assuming these companies are as likely to comply with the minimum requirements for an IPO as non-family business, there should be reasons why family business owners deliberately choose not to list or to postpone listing.

Behind the choice of not going public, there is often (Corbetta & Salvato, 2012):

1) the fear of losing ownership of the company due to the dynamics of the stock market;
2) the fear that corporate strategy will not be understood by financial analysts, with the consequence of a low valuation by the market;
3) the perception of not being able to manage the greater complexity that come together with IPOs;

But the aforementioned fears might be overlooked when taking into consideration the main benefits that family businesses could obtain with IPOs. These could be (Mazzola & Marchisio, 2002):

1) Achieving a higher growth rate than would possibly be achieved solely with the resources generated by the company or with the family's assets;

2) Greater visibility and reinforcement of the company's image;
3) The possibility offered by the quotation to monetize the investment of family members;
4) The highest degree of discipline, both in terms of corporate governance and in strategic terms, that is brought by going public;
5) The greatest guarantee offered to the continuity of the company, if there is a risk that the shareholders grow old without heirs;

Listing could also consist on a good alternative to family business when (Mazzola & Marchisio, 2002):

1) The stock exchange cycle is consistent with the timing of their projects and investments;
2) The company looks beyond its borders for a discipline that it does not have internally;
3) The entrepreneur sees in the listing itself, regardless of company projects, a source of new opportunities;

When the aforementioned conditions are satisfied and the formal requirements for accessing the listing are met, this may represent a true growth strategy for a family business.

Finally, one last observation regarding the implementation of growth strategies by family-owned companies must be made. Due to the family's long-run orientation and greater risk aversion compared to companies of different ownership structures, growth strategies are often put in place in a controlled manner, which means (Caselli & Gatti, 2005):

1) Growth is almost never the result of emerging opportunities that have taken place without planning, but rather the result of a well-thought decision making process;
2) The growth rate of invested capital is carefully monitored to avoid stressing the company's financial structure in excess;
3) Growth is always proportional to self-financing, satisfying specific financial conditions like self-financing ratio to financial debt over time;

If the above implications are true, there could be an evidence of family ownership as a source of corporate growth.

3.3. Advantages and disadvantages of family businesses

Yet the data previously presented illustrates the relevance of family ownership in the Italian business reality, the view on this ownership structure is often pessimistic. Traditionally, many business administration scholars have highlighted the negative aspects of family ownership, like nepotism, confusion of corporate and family assets, and lack of transparency (Corbetta & Salvato, 2012).

However, some elements common to most family business could be strength points, like the stability of governance, the long-term view on investment decisions, and the presence of strong inspirational values and concrete mission, often born from the founder's personal ambition to leave a footprint in the world. The next pages highlight the main strengths and weaknesses of this ownership model.

As previously described, the greatest weakness traditionally associated with family ownership is the pathology of "nepotism", that is, the permanence of managers belonging to the owner family even when they have proved themselves incapable of managing the company.

Nepotism would bring unprepared employees, often not very motivated or well suited, and would make it difficult for the company to benefit from talents external to the family. On the top of that, owners would be inclined to benefit their relatives through excessive wages or dividends, aspects that are usually referred as confusion of corporate and family assets.

Another pathology of family ownership is the concentration of family assets in the company. As a consequence, entrepreneurs in this category tend to be less tolerant to risk than other types of investors, limiting the chances of implementing, for instance, an internationalization or innovation strategy that requires low risk aversion.

In addition, the close dependence of the family well-being on the company's financial situation creates the so-called self-imposed capital constraint, an almost obsessive tendency of many family businesses to do not look for external financial resources in order not to jeopardize the solvency of the company (Corbetta & Salvato, 2012).

Operating with limited capital makes it hard for family businesses to acquire resources necessary to implement profitable growth strategies. It also jeopardizes the return on investment growth rate as the company does not enjoy from tax shield.

Furthermore, family businesses would have a constant difficulty in distinguishing ownership, management, and control. As the role of owner and manager are often played by the same individual, it might be challenging to put in place proper mechanism to control and evaluate a manager’s performance. It might also be the case that a lack of credibility on decisions made by a Board of Directors that oversees corporate governance matters and separates them from management matters takes place. The same applies to shareholders’ meeting.

In fact, the lack of articulation of the corporate governance systems that often takes place in family businesses reflect the resistance of these companies to formalize their organizational structure. Traditionally, this deficiency is considered to be originated from the family’s fear of bureaucratisation, seen as a threat to organizational flexibility and entrepreneurship within the company’s structure (Corbetta & Salvato, 2012).

In some cases, especially in first-generation companies, the division of roles and responsibilities takes place through a personality-based logic rather than pure rationality. This is due to the natural tendency on the part of entrepreneurs of dealing with businesses the same way as they deal with family, replicating the same patriarchal hierarchy in the company (Lansberg, Gersick, Hampton, & Davis, 1997).

The constant reference to the family, especially in the early stages of the company’s life cycle, makes it hard to define who is responsible for what and, as a consequence, to set strategic objectives and measure achievements in a formal and systematic way.

The failure in complying with the principles of accountability, the base of any corporate governance system, is strictly connected to the independence that comes with family ownership, the same that makes family business not subjected to mandatory disclosure of results to the public, for instance, but also to be often managed as a personal patrimony of the family.

The aforementioned weaknesses, as we shall see, are true only for family businesses that do not base their mission on the interest of the company over that of the family. Instead, independence can be considered the main source of benefit associated with family ownership when it comes together with the view of the company as a public, not personal good. With that in mind, many of the aspects inherent to family business could actually be sources of competitive advantages for this type of company (Corbetta, 1995).

Demsetz & Lehn (1985) highlights the concentration of ownership as the most important benefit for a family business. In fact, the presence of investors who belong to the owner family and hold large shares of ownership could reduce the transaction costs generated by the diversity of interests between shareholders and managers.

In this regard, the separation between ownership and control could reduce the value of the company precisely due to the presence of agency costs between shareholders and managers, like the cost incurred by shareholders to limit managers' opportunistic behaviour or the loss of welfare that comes when shareholder(s) and management actually act in defence of different interests from those initially agreed on.

In addition, the coincidence of ownership and management in family business creates greater incentives to control the company's operation even when external managers are involved due to the dependence of the family welfare on that of the company.

Another benefit associated with family ownership is represented by the long-term presence of family members in the governance of the business (Demsetz & Lehn, 1985).

First of all, the tendency to preserve the well-being of the company for the next generations leads the owners to adopt long-term time horizons in their decision-making processes. That said, family businesses are more likely than other types of businesses to invest in research and development (R&D) and personnel training and to favour long-run strategy over short-run (Miller & Le Breton-Miller, 2005).

In these regard, Miller & Le Breton-Miller (2005) can be referred to demonstrate the most important differences between family and non-family businesses in terms of philosophy of property, of business, or social.

Regarding the philosophy of property, the most important difference refers to the “trader” mentality of investors of non-family businesses as opposed to the “manager” mentality with which the member of an entrepreneur family manages his/her business. Traders are happy in holding the company’s share until the business stops growing, and they often have no true interest in its long-run value or any meaningful connection with its mission. Managers, on the other hand, would be both interest in the company’s long-run value and personally involved in the operations and mission.

In terms of philosophy of business, family-owned business managers tend to be more long-term oriented. Inspired by the values of the founder and aiming to honour the company’s mission, they are more likely to ignore strategies that benefit their personal welfare or the company in the short-run at the cost of jeopardizing future growth perspectives. On the other hand, managers of non-family businesses are more likely to accept these short-term oriented strategies as they have to meet with external investors’ expectations.

Regarding social philosophy, family businesses and non-family businesses differ on orientation as the first operates through a collectivist view and the second is more individualistic.

In non-family companies, employee’s behaviour is determined by punishments and incentives, which does not contribute for the company’s long-term orientation. With a bureaucratic control, the decision-making process is slowed-down and employees see no incentive to act with an entrepreneurial mindset as it demands an autonomy and motivation they do not have.

In family business, control is exercised through inspiring values and mission that motivate employees to follow the company’s directrices towards its objective. In addition, these companies are more likely to successfully develop long last partnerships due to the stability of its corporate governance.

In summary, the differences between family and non-family business can help us to understand the main benefits of a family-based configuration of property. These benefits are:

1) a body of motivated employees thinking towards entrepreneurship;
2) the long-lasting life of the company guaranteed by the presence of a family that does not act as a pure investor;

3) strong and long-lasting relations stablished with business partners and a whole community of stakeholders;
4) the independence of the owners associated with a risk averse management;

3.4. Competitiveness in family business

Although family businesses can be quite heterogeneous, they all count with the common denominator of ownership. As discussed in the previous section, family ownership can bring positive and negative implications to a company.

On the positive side, family members are often dedicated to something bigger than their individual needs and will do the necessary to defend the best interests of the company. On the negative side, some of them might develop a possessive behaviour towards the business, which is then managed as one's personal inherited good (Bianco, Gola, & Signorini, 1996).

When a company is no longer managed with its welfare above the individual welfare of its family members, the disadvantages originated from family ownership presented in section 3.4. might overcome the advantages. With the final goal of increasing the individual welfare of family members, the diseases of nepotism, confusion of assets, and lack of transparency take place. As a consequence, growth is limited.

In order to limit the negative effects on growth originated from family ownership, a Board of Directors (BoD) is fundamental. Part of any structured corporate governance system, BoD are often not existing or a mere formal organ in the reality of many Italian companies. This is especially true for family business, in which the coincidence of ownership and management may inhibit the action of such bodies (Corbetta & Salvato, 2012).

In the case of absolute properties, when the entrepreneur owns 100% of the company's capital, the BoD is responsible for balancing the use of the absolute power and discipline in the decision-making process. This organ is more effective than any other one as directors have the right to limit the implementation of strategies by the entrepreneur that are not focused on the long-run growth.

On the other hand, when the business is composed by several family members involved in the company's management, the BoD assumes a government role, ensuring that managers are also dedicated to government issues, such as evaluation of collaborators, results, and investment options (Corbetta & Salvato, 2012).

It might also be the case that the management of the business is partially performed by external managers. In this situation, the BoD assumes a controlling role, ensuring that the manager is capable of complying with its functional designations and acts in the best interests of the company.

In extended family business, some members of the owner family might not be involved in the company management. As a consequence, the BoD assumes a participatory role as it allows Board members to indirectly participate of the decision-making process.

Finally, in extended properties where a rivalry among owners might take place, the BoD plays a role of facilitator, guaranteeing the openness of the communication among members and ensuring that the conflict leads to decisions that take into consideration different points of view and not to business paralysis (Corbetta & Salvato, 2012).

Generational shifts are also considered a weak link of family businesses, especially when taking into account that the vast majority of family-owned companies in Italy do not reach the fourth generation (Dematté & Corbetta, 1994).

Due to the strong connection between entrepreneur and company, he or she is likely to stay as long as possible, delaying or not preparing a proper generational transition. In the early stages of the company's life cycle, the entrepreneur manages by itself everything related to the company's strategy, often without a clear delimitation of responsibilities or formalization of tasks.

As a consequence, the entrepreneur plays a leading role in the family company based on intuition instead of technical competence. This type of knowledge can hardly be transferred to the next generations without proper planning and that is what makes the process of generational transition so critical (Lansberg, Gersick, Hampton, & Davis, 1997).

In order to limit the negative effects originated from family ownership, a successful generational shift is fundamental. This is originated from a context that enhances entrepreneurship among the younger members of the owner family, such as that in which aspirational values are transferred from the older to the younger generations together with the establishment of an adequate corporate governance. This ensures fairness and transparency in the relationship between company and family members.

The generational shift is a time demanding process. Entrepreneurs should be able to recognize whether the necessary skills to give continuity to the business have blossomed somewhere among the younger family members. A period of older and younger generation coexistence within the company is highly recommended (Corbetta & Salvato, 2012).

In addition, it goes without saying that the generational shift should be based on the superior interest of the company, and not on that of the family. Putting the welfare of individual family members ahead of the company's is precisely the cause of the diseases of nepotism and confusion of assets mentioned on section 3.4.

By sharing from the concept of company as a public good and pursuing the generation of wealth to the entire community of reference, the handing of the company is extended just to the heirs that are actually prepared to manage it and whose performance will be constantly assessed by outsider evaluators (Lansberg, Gersick, Hampton, & Davis, 1997). Only under this condition will a company become a centre of entrepreneurship and approach the generational shift not as a threat, but as an opportunity to create value.

In summary, many of the characteristics inherent to family ownership are sources of both advantages and disadvantages, which may limit or boost corporate growth. The advantages originated from family ownership will overcome the disadvantages when (Corbetta & Salvato, 2012):

1) The company has a clear, growth oriented entrepreneurial project originated from one who wants to leave a footprint in the world and who contaminates its employees with enthusiasm;
2) Growth is approached as beneficial to the company and its stakeholders and not as a threat to the welfare of the founding family;
3) Entrepreneurs are dedicated and do not command on their own

6) The company has an efficient Board of Directors;

4) The company has a formal structure to fit the targeted size;

5) Generational shifts are approached as a source of entrepreneurship;

4. METHODOLOGY

This study was developed through document analysis, an analytical method in qualitative research based on the review or evaluation of printed and electronic documents. It allows the researcher to elicit meaning, gain understanding, and develop empirical knowledge through pre-existent texts and images that have been recorded without his or her intervention (Bowen, 2009).

The documents used for systematic evaluation along this study take the form of academic books, academic articles published by scientific journals, articles published by specialized online newspapers and magazines, and consulting industry reports. They are disclosed on Appendix.

The documents that were systematically evaluated are corporate press releases, organisational reports, corporate reports published by online data burials, interviews published by online newspapers, real estate advisors' reports, and employee training material available on the focal company's online educational platform.

Document analysis is often used with other qualitative research methods as means of triangulation, which regards a combination of methodologies in the study of a phenomenon (Bowen, 2009). Although not used for data collection as described in Yin (1994), participant observation was used as validation method.

Participant observation was available as means of triangulation due to the author's intern position at the focal company. Between July 2018 and January 2019, he not only worked in a corporate environment in line with that described by the family business literature but also in the presence of Maria Giulia Maramotti, member of the focal company's founding and owner family. He also participated of an employee training session led by Laura Lusuardi, who has been the company's Fashion Coordinator for the past 55 years and whose figure is almost indissociable among employees from that of the brand itself.

In search for evidence of family-ownership as a source of growth in Italian luxury fashion companies, the author presented a definition for the terms "growth", "family-owned", and

"luxury fashion" in the corporate context. The definitions were retrieved from the management literature and consulting reports as indicated in the respective chapters in which these terms were defined.

To construct a sample representing the population of Italian family-owned luxury fashion companies, the names of 100 luxury companies were retrieved from "Glitter and glamour shining brightly: The 100 most renowned luxury brands and their presence in Europe's metropolitan centres". The report was published by the real estate advising company Jones Lang LaSalle in July 2011. In line with the report, the companies were referred along this study by their main brand's names, so that Ermenegildo Zegna Holditalia S.p.A, for instance, was simplified to Ermenegildo Zegna.

Out of the 100 luxury companies initially retrieved, 72 were excluded from the sample for not being Italian. In addition, Bulgari and Pomellato were excluded for not being fashion companies. They are high-jewellery retailers with no offer of garments and very limited on accessories. Prada and Miu Miu were treated as a single company as the latter was organically originated from the prior. Furthermore, Moschino and Brunello Cucinelli were added to the sample due to their relevance in today's luxury fashion context.

To identify the ownership status of the 29 companies within the sample, their ownership structures were analysed in light of the definition of family-owned company proposed in Corbetta (1995). As an exception to Corbetta's definition, companies in which the totality or majority of capital is held by a family that not the founding one were not considered to be family-owned. In addition, the "family-owned" category was divided in 2 sub-categories based on the proportion of shares in hands of the respective founding families: "full family-owned" and "partially family owned". The structures to which these terms refer were described in chapter 5.

In the case of public companies within the sample or companies owned by public companies, details on their ownership structures were retrieved from their respective investor's relations websites. In the case of companies that remained private but have undergone mergers or acquisitions processes, details on their ownership structures were retrieved from articles describing the respective deals, published in specialized online magazines. Finally, details on

the ownership structure of the remaining companies were retrieved from the online newspaper "The Business of Fashion".
All companies in the sample were assumed to be family-owned at the moment of incorporation. Based on changes in the ownership structures, they were categorized by ownership status. For the purpose of this study, only changes negotiated by the founding families were taken into consideration. Because of that, if a company was sold to a second agent after it was acquired from the founding family by a first one, its ownership remains the same based on the methodology used for classification, unless this second agent is the founding family itself.

The maintenance of or changes in the ownership status of the companies within the sample were considered to be direct consequences of growth strategies implemented by them. In case their ownership status was changed to "not family-owned", the respective growth strategy was considered to be an alternative to family-ownership.

The alternatives to family-ownership were identified as 1) selling the totality of or a majority stake on capital to a conglomerate or group (M&A) and 2) selling a majority stake on capital to a private-equity fund. In addition, listing in the stock exchange was added to the list of alternative as it represents an alternative to full family ownership, although not to family ownership per se.

The three alternatives to full family-ownership were explored in chapter 5 together with their main advantages, disadvantages, and critical factors of success in light of the theoretical background presented in chapter 3 and short case studies of several luxury and fashion companies. The short case studies were retrieved from online specialized magazines and online newspapers.

As 6 companies within the sample were identified to be full family-owned Italian luxury fashion business, one of them was chosen to have its empirical case introduced and analysed. Because 4 out of 6 of them generated over €1 billion in annual revenues in 2017, the focal company to be was chosen among these 4.

The chosen company was Max Mara. As its founder had a clear, growth-oriented entrepreneur project, the Max Mara case presents concrete examples of aspects discussed in chapter 3 such as dimensional leap, structural reorganization, internationalization, and diversification. For this

reason, the case serves its purpose when illustrating the life cycle of the family business described on the chapter 3.

In search for features originated from Max Mara’s ownership structure that allowed the company to grow organically through integrated processes and reach increased dimensions in size, its trajectory since 1951 was explored in detail along chapter 6. In case these elements were to be found, this study would be able to provide evidence to support that family ownership is a source of growth in Italian luxury fashion companies, answering the research question proposed in chapter 1

5. THE ALTERNATIVES TO FAMILY OWNERSHIP

Based on the methodology proposed in chapter 4, the results of the data analysis are presented on Table 2.

As Table 2 indicates, full family-owned companies become partially family-owned or not family-owned as a consequence of 4 main strategies: selling the totality of their capital to a conglomerate or group, selling a majority stake on capital to a conglomerate or group, selling a majority stake on capital to a private-equity fund, and listing a minority stake on capital in the stock exchange.

Table 2 also indicates that no company within the sample sold a minority stake on capital to a group or conglomerate, the totality of capital to a private-equity fund, acquired a minority stake on another company's capital, or listed the totality or majority of capital in the stock market. These findings bring a serious of implications to the analysis.

First of all, the findings show that, when Italian luxury fashion companies acquire, they do so in order to obtain control, and not to simply hold shares on another business. In same logic, they sell shares on their business only when mature enough to give up of control.

Second, in the specific case of private-equity, there exist both families that have given away of minority and majority stakes on their capitals. This seems in line with the nature of private-equity, explored along this chapter.

Finally, as Italian luxury fashion companies only give away of minority stakes on their capital when listing on the stock market, they are considered to use the listing movement as a growth strategy, and not as an alternative to family-ownership. Yet, these companies have their status changed from full family-owned to partially family-owned. Therefore, although the true alternatives to family-ownership in the Italian luxury fashion industry are simply two, selling the totality of or a majority stake on capital to a conglomerate or group (mergers and acquisitions) or selling a majority stake on capital to a private-equity fund, the listing strategy is approached throughout this chapter.

Table 2: Ownership status of 28 Italian luxury fashion companies and their growth strategies

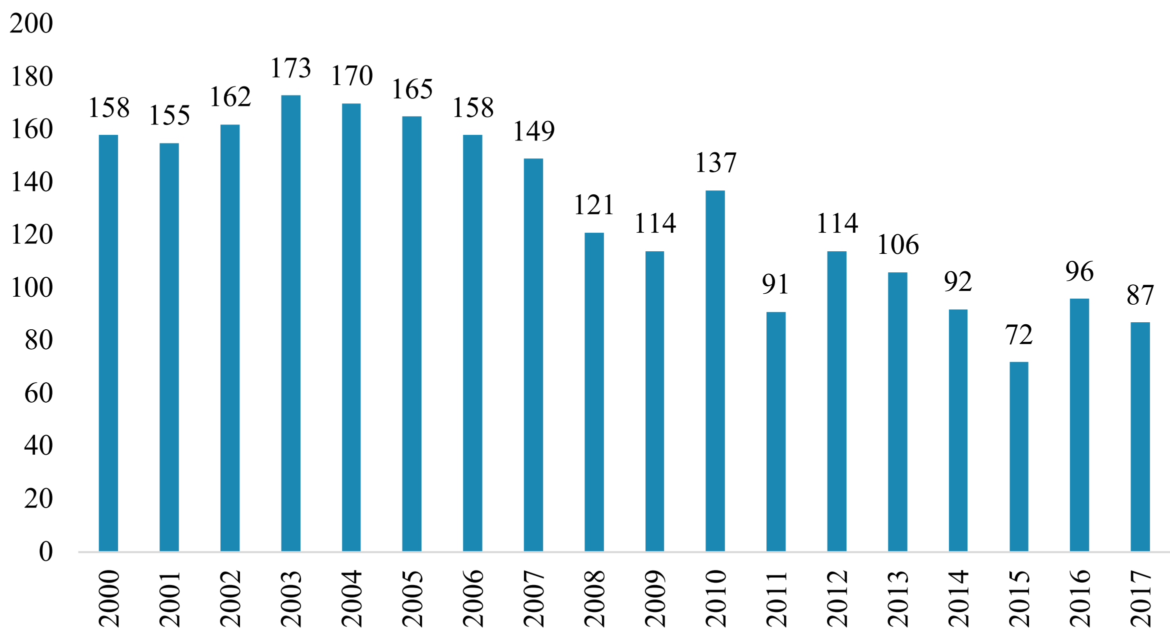
Strategy				Companies	Status
Organic Growth	Market consolidation & penetration Product development Internationalization & new segments			Max Mara, Giorgio Armani, Dolce & Gabbana, Ermenegildo Zegna, Etro, Laura Biagiotti	Full family-owned
	Diversification	Related			
		Unrelated		Giorgio Armani	
Inorganic growth	Family business sells	To conglomerate or group	Totality of its capital	Valentino, Brioni, Gianfranco Ferrè, Gucci, Fendi, Versace, Moschino, Marni, Krizia, Malo, Pollini	Not family-owned
			Majority stake on its capital	Bottega Veneta, Loro Piana, Emilio Pucci, Sergio Rossi, Marni	
			Minority stake on its capital		Partially family-owned
		To private-equity fund	Totality of its capital Majority stake on its capital	Roberto Cavalli	Not family-owned
			Minority stake on its capital	Missoni	Partially family-owned
	Family business acquires	Totality of another company's capital Majority stake on another company's capital Minority stake on another company's capital		Prada, Tod's Prada, Ermenegildo Zegna	NA
IPO	Family business lists capital in the stock market	Totality of its capital Majority stake in its capital			Not family-owned
		Minority stake in its capital		Prada, Salvatore Ferragamo, Tod's, Alberta Ferretti, Brunello Cucinelli	Partially family-owned

Source: Elaborated by the author

5.1. Alternative 1: Mergers and Acquisitions

In 2017, 87 mergers and acquisitions transactions (M&A) have taken place in the fashion and luxury industry, with an average of 91 transactions between 2013 and 2017. Between 2000 and 2005, however, this average was 80% higher, at 164 transactions (Panbianco, 2018). Figure 5 summarizes the number of M&A transactions in the fashion and luxury industries between 2000 and 2017.

Figure 5: Number of M&A transaction in the luxury and fashion industry (2000-2017)



Source: Elaborated by the author with data from Panbianco (2018)

Although the data presented on Figure 5 indicate a decreasing relevance of M&A in the luxury and fashion industries between 2000 and 2017, important transactions have recently taken place. Among the most relevant:

1) the € 12.1 billion integration of Christian Dior Couture into the LVMH group in July 2017, simplifying the complex ownership of LVMH and Christian Dior (Deloitte, 2018)

2) the € 640 million acquisition of 80% of Rimowa, the German luxury luggage manufacturer, by the LVMH in January 2017 (Deloitte, 2018)
3) the € 1.83 billion acquisition of Versace in September 2018 by the former Michael Kors group, now Capri Holdings (Business of Fashion, 2018)

Based on the data presented on Figure 5, it is possible to distinguish two main periods: 2000 to 2007 and 2008 to 2017. From 2000 to 2007, the fashion industry was going through a process of consolidation, with 173 M&A operations only in 2003. From 2000 to 2003, large-sized operations were carried by the LVMH and Kering conglomerates (The Fashion Law, 2018).

From 2004 on, big conglomerates started a process of digesting their recent acquisitions, relying mostly on organic growth and leaving the M&A field open to other players, like private equity funds. In 2006, these were responsible for a fourth of all M&A transactions in the sector (Panbianco, 2018), a trend expressed at its maximum in 2010, when the Qatari royal family bought the department store Harrod's from Mohamed Al-Fayed through a private-equity instrument (The Guardian, 2016).

The period of 2008 to 2017 starts with an unprecedent financial crisis, which postponed M&A transactions to 2010 (137 transactions). From 2011 onwards, most of the acquired companies in the fashion and luxury industries were not billion euros businesses, but small and medium-sized family-owned manufacturers. More recently, acquirers have focused on companies operating in the supply of raw materials, such as cashmere wool, calf leather, and exotic skins, as part of vertical integration strategies (Business of Fashion, 2018).

From the acquirer company point of view, acquisitions might be used to achieve five different goals (Salvato, Lassin, & Wiklund, 2007):

1) To enter a new industry or geographic market (especially interesting if a sector of high barrier to entry);
2) To consolidate supply and increase market share in saturated markets;
3) To revaluate companies underestimated by financial markets (low P/E ratio);
4) To acquire critical skills or resources that are fundamental for a new product or project;
5) To meet shareholders' growth expectation;

As a consequence, the acquirer will be able to enjoy from productive, distributive, or technological synergies, to invest excess cash to stabilize cash flows, and to explore excess production capacity, leading to economies of scope and/or scale.

Among the five main reasons that lead companies to make acquisitions, two seem to justify most of the M&A transactions that have taken place in the fashion industry between 2000 and 2007. They are:

1) The possibility to penetrate new sectors and/or markets and to implement diversification strategies (think about Alexander McQueen's launch of its first menswear collection in 2005, four years after it was sold to the Kering conglomerate,)
2) the possibility to implement consolidation strategies or market penetration (the acquisition of Bottega Veneta by the Kering conglomerate in 2001, which allowed it to consolidate its position in the high-end accessories segment)

From the acquired company point of view and in the specific case of family businesses, the sale might be interesting in case of (Salvato, Lassin, & Wiklund, 2007):

1) Inability to compete if not by incorporating into larger realities;
2) The opportunity presented by a convenient offer from the point of view of the shareholders;
3) Lack of qualified managers and the challenge of attracting new talents;
4) Financial need due to unsatisfactory growth performance;
5) Lack of financial resources to satisfy issues unrelated to the company itself;
6) Reasons related to the generational succession and the possible lack of heirs or interested heirs. It interesting to notice that several of the most famous fashion houses were founded by gay designers who never had kids. It is the case of Humbert de Givenchy, Yves Saint Laurent, Valentino Garavani, Giorgio Armani, Domenico Dolce, Stefano Gabbana, and Gianni Versace, for instance.
7) If a group is controlled by one or more owner families, a sale could be driven by the challenges in integrating the company to the Group's portfolio, or by its inadequate size to compete with other players in the same sector

Analysing, in fact, some M&A transactions that have taken place in the fashion industry in the past 30 years, all the reasons listed above seem to have assumed a certain importance.

1) In 1988, Givenchy was sold to the LVMH for 45 million dollars due to restriction needs. After 36 years of operations in the haute-couture segment, Humbert de Givenchy was looking for a deal that would allow him to focus on his creative work without having to worry about the company's financial burden (The Fashion Law, 2018)
2) In 1998, Valentino Garavani and his partner, Giancarlo Giammetti, sold Valentino SpA for approximately 300 million dollars to HdP (Holding di Partecipazioni Industriali SpA). In 2002, with revenues above 180 million dollars, HdP sold Valentino to the Marzotto Group, displeased with Valentino's and Giancarlo's level of personal expenses (Vanity Fair, 2009)
3) In 2000, the Fendi sisters sold their company to the LVMH mostly due to a very high offer proposed by Bernard Arnaut (LVMH CEO), at $225 million dollars. The deal involved the LVMH buying a 25.5% stake in Fendi from Prada, which decided to sell it after reaching over 1.2 billion euros in debt. With 51% of Fendi shares and the remaining 49% in the hands of the Fendi family, the LVMH gained a majority shareholding in Fendi while Prada was able to divest from it at no loss (The Telegraph, 2001)
4) In 2012, the Kering group announced a joint venture with Yoox SpA, owner of Net-A-Porter.com, one of the most famous fashion e-tailers, to develop its online businesses. In 2013, six brands of Kering's portfolio launched their ecommerce platforms (The Fashion Law, 2018)
5) In 2013, the LVMH acquired an 80% stake at Loro Piana for 2 billion euros, owning not only another Italian ready-to-wear producer but also a luxury textile manufacturer, famous for fabrics like vicuña ("the fibre of the Gods"), "The Gift of Kings" wool, and baby cashmere (Reuters, 2013)
6) In 1999, today's Kering group acquired the Yves Saint Laurent brand. While Tom Ford would be responsible for the company's ready-to-wear collection, Yves would be responsible for the haute-couture atelier. In 2002, after years of poor health, drug abuse, depression, alcoholism, and criticism of his designs, Yves Saint Laurent closed the haute-couture atelier of his homonymous brand (Yves Saint Laurent, 2018).

Worldwide, 83% of all M&A transactions fail (KPMG, 1999). This could be the case when one acquires a company at the wrong time or price or the wrong company from a strategic point of view. Because the chances of failing are big, understand the success factors in this kind of transaction is essential.

The factor that has emerged as a determinant for the success of M&A transactions is represented by the learning from previous experiences. The “lessons learnt” originated from the acquisition of a company influence not only the pre-acquisition and negotiation but also the post-integration phase, in which the integration of the acquired company into the acquirer one takes place and in which the transaction's success can be established (Pritchett, 2018).

In addition, the use of lessons learnt to approach the next acquisition can have both positive and negative implications. One of the key capabilities that managers have to develop is the proper evaluation of how similar or how difference the new transaction is compared to the previous ones. If the new transaction is considered similar and therefore a strategy similar to that previously used is put in practice, when, in fact, many other factors would make the transaction to demand a different approach, the success of the transaction could be compromised.

On the grounds of the luxury industry, it is important to notice that mergers are uncommon as brand equity is the most valuable asset of businesses operating in this segment (Kapferer & Bastien, 2012). Therefore, M&A transactions in the fashion industry most commonly refer to acquisitions only.

An acquisition can concern both the company as a whole, and in this case the entire capital is acquired, or a majority share on the company’s capital. In case of majority share, even though the ultimate control of the company belongs to the acquirer, the founding family remains involved in the company’s management as a minority shareholder.

The permanence of some former owners who are still actively involved in the governance of the acquired business often leads to higher performance in case there is a constructive dialogue between the old property and the new one (Corbetta & Salvato, 2012). This conclusion, valid for all types of family businesses, seems to be even more relevant in the fashion industry.

The need of a consistent aesthetic to that previous to the acquisition is fundamental to sustain the brand’s reputation and designer credibility, to communicate the brand’s values and mission, and to connect the company’s history to its present moment, increasing its chances to succeed.

This can be seen through the integration between Yves Saint Laurent and the Kering conglomerate and between Fendi and the LVMH.

In the Yves Saint Laurent case, the designer's retirement was led by his inability to work in a post-acquisition environment in which most of the decision-making process was led by financial metrics. After Tom Ford left the company due to the public's complains about his sexy aesthetic incompatible to the French style of Yves Saint Laurent, Stefano Pilati joined the company in 2004, followed by tumultuous years of stores closure (Yves Saint Laurent, 2018).

In 2012, after Hedi Slimane replaced Pilati as Yves Saint Laurent's creative director, the company's financial performance was boosted, with the menswear business growing by over 400% in 2016. Although Slimane's street-wear rock-and-roll aesthetics had nothing to do with Saint Laurent's elegant designs, both were acclaimed for being transgressive for their times, and that is what, after many years, conquered Yves Saint Laurent (today's Saint Laurent Paris) a strong client base (The Dubai Mall, 2014).

In the Fendi case, on the contrary, success after the company acquisition by the LVMH was immediate. This could be attributed to the fact that 8 members of the Fendi family remained as minority shareholders until 2017. In addition, the creative direction of the house is still in hands of Silvia Fendi.

5.2. Alternative 2: Listing in the stock market

As previously discussed, listing in the stock market consists in an alternative to family ownership only when the totality of or a majority stake on capital is listed. In the Italian luxury fashion industry, this is often not the case. In fact, among the 28 companies within the sample, only 5 have listed their capitals in the stock market to grow. These companies and the respective free-floating shares of their capitals are Prada, with 25%, Alberta Ferretti, with 28%, Salvatore Ferragamo, with 29%, Tod's, with 39%, and Brunello Cucinelli, with 43%.

In all the aforementioned cases, the founding families still hold a majoritarian stake in their businesses. Therefore, although not full family-owned, they are still family businesses, and that is why listing in the stock market does not consist in an alternative to family ownership in the

Italian luxury fashion industry. Instead, it can be interpreted as a growth strategy implemented by these companies, as discussed in chapter 3. Yet, as a company could move from a full family-owned status to a partially family-owned one, listing could also be interpretated as an alternative to full family-ownership, and that is why the strategy is discussed through the next pages.

As an observation, Gucci has also undergone an Initial Public Offering (IPO) in 1995, when 30% of its capital was listed. Because the Gucci family held no shares on the company since 1993, when InvestCorp International acquired 50% of the company's capital in order to own the totality of it, the 1995 listing was not a decision from a family-owned company. Therefore, Gucci is not listed in the "IPO" section of Table 2.

In industries where brand equity is among the most important critical success factors, and especially in the case of companies competing in the luxury segment, a good valuation can bring a relevant advantage to the company through increased visibility, especially among its competitors (Kapferer & Bastien, 2012).

In addition, an expected increase in the revenues growth rate of companies that have just listed their capital or part of it in the stock market allows them for investing the additional cash to improve distribution, communication, or develop new products (Mazzola & Marchisio, 2002).

The IPO is also a way to send a message to the market about the future of the company. In case of lack of heirs, it would mean that the company could, one day, belong entirely to external investors.

However, side-by-side to the advantages brought by listing, it is also possible to identify some negative aspects. In fact, chapter 3 highlights how entrepreneurs are often afraid that external investors and equity analysts do not understand their company's strategy. This fear is even more relevant in the fashion industry, as the fashion calendar is often not aligned to financial ones.

As discussed in chapter 2, fashion companies operate within a cycle of designing a collection, developing new fabrics, patterns, shapes, and colours, presenting the collection in a fashion show, selling it to wholesale buyers and to its own retail stores, manufacturing it, and then start

selling to the final consumer. Very often, this cycle cannot be properly addressed by the technical assessments of the financial markets, most of them based on quarterly financial statements.

In addition, the pressure to which the owner family is submitted to show short-term results that satisfy shareholders' expectations could negatively impact the positive aspects traditionally associated with family ownership discussed in chapter 3, such as independence of management and long-term orientation, particularly relevant in industries highly dependent on symbolic capital.

Quoting Luigi Maramotti, CEO of the Max Mara Fashion Group: "I'm not a fan of absolute quotation. If you work in this field and you really want to be free to achieve your goals and be a creative company, it is better that top management focus on this. And the stock market is very demanding in terms of short-term strategies and results. There are many fluctuations and therefore volatility, which is not ideal for what we do" (Deeny, 2018).

Furthermore, although submitting itself to a costly and time-consuming IPO process sends an interesting message to the market as it forces the company to adopt formal procedures of transparency and accountability, it might also be the case that flexibility is jeopardized.

If listing in the stock market can boost commercial success, it can also be threatening to the company's symbolic assets. As a consequence, luxury fashion companies should list their capital in the stock market only if the consequent improvement on access to capital and labour is not offset by a possible identity or aesthetical loss that comes with shareholder's pressure over the creative process.

The increasing shareholder and upper management pressure over creative directors has led to a true "musical chairs" game of the fashion industry in the past years. Marc Jacobs left Louis Vuitton in 2014. Alexander Wang left Balenciaga in 2015. Frida Giannini left Gucci in 2015. Raff Simons left Christian Dior in 2016 and Calvin Klein in 2018. Hedi Slimane left Saint Laurent Paris in 2016. Maria Grazia Chiuri left Valentino in 2016. Peter Dundas left Roberto Cavalli in 2016. Alber Elbaz and Bouchra Jarrar left Lanvin in 2016 and 2017, respectively. Riccardo Tisci left Givenchy in 2017. Clare Keller left Chloe in 2017. Phoebe Philo left Celine in 2017. David Koma left Mugler in 2017. Haider Ackermann left Berluti in 2018. Thomas

Maier left Bottega Veneta in 2018. Kim Jones left Louis Vuitton's menswear in 2018. Kris Van Assche left Dior Homme in 2018.

The creative designer shift was also observed among family-owned companies, with Stefano Pilati leaving Ermenegildo Zegna in 2016 and Fulvio Rigoni leaving Salvatore Ferragamo's womenswear in 2017, but with an undeniable weaker intensity (Business of Fashion, 2018).

Finally, the proper assessment of the company's strength, its life cycle, and its ability to retail its aesthetical and stylistic features that differ it from competitors, therefore, represent the critical factors that will make the listing successful in the luxury fashion industry.

Table 3 presents a summary of the main expected advantages and disadvantages of listing.

Table 3: Advantages and disadvantages of listing for family-owned luxury fashion companies

Expected advantages	Disadvantages and risks
o Increased brand strength in the market due to greater visibility o Possibility of higher investments in distribution o Possibility of higher investments in communication o More resources to be allocated in international expansion or acquisitions o Continuity of the company in the market	o Financial analysts have assessment tools that are often non-applicable to fashion and luxury companies o Need to satisfy shareholder's short-term expectations o Need to adopt formal instruments and mechanisms that reduce flexibility o Risk that the continuity of operations in the commercial level jeopardizes the stylistic and symbolic one

Source: Elaborated by the author

5.3. Alternative 3: Private equity

In the past 10 years, private equity funds became relevant players in the fashion and luxury industries, with increasing presence in the garments, footwear, and distribution businesses. It is interesting to notice how the object of participation is often a family business, which indicates a greater maturity of Italian entrepreneurs who agree to accept resources of external agents in their company's capital (Panbianco, 2018).

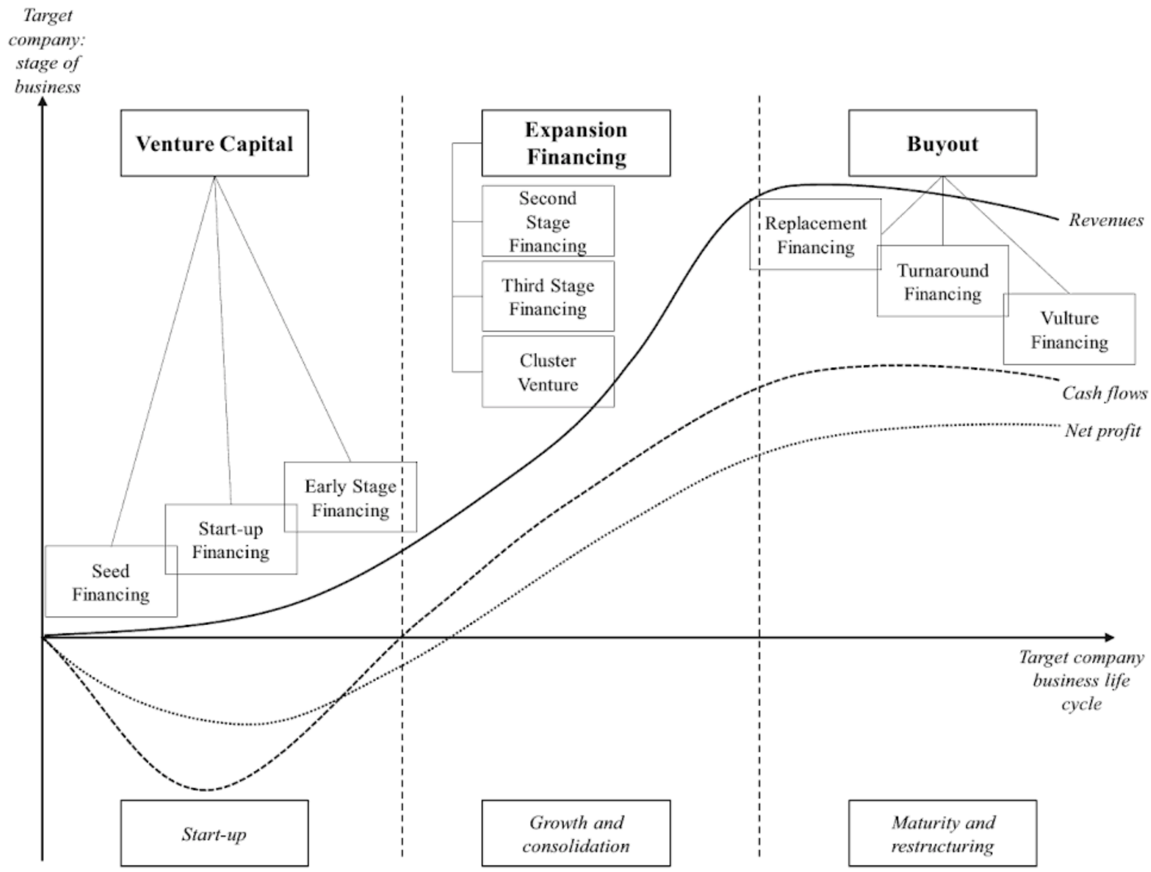
As Table 2 presents family-owned businesses that maintained or lost their family status after selling shares on their capitals to private-equity funds, this path of sale will be interpreted in this sector as both a growth strategy and an alternative to family-ownership. It will present a definition of the types of transactions that take place within private equity activity, an analysis of the purposes that characterize these operations from the perspective of both the beneficiary company and the fund, and an explanation of the critical factors of success of this form of participation.

Private equity represents a large segment of the investment banking (IB) business, being it divided into several specific segments. Distinguishing them is fundamental for this study as each takes place due to different motivations and has different critical success factors, both from the perspective of the buyer and beneficiary.

Private equity can be defined as any transaction of capital contribution to unlisted companies by specialized institutional investors. These are, therefore, participations acquired by institutional agents, like banks, non-bank credit intermediaries, or investment funds, for a limited period of time, usually 5 to 10 years, with the goal of delivering a capital gain after the divestment, and with specific methods to do so (Investopedia, 2019).

Therefore, there exist significant differences between all the types of operations that belong to the private equity category, primarily attributed to the different phases of the life cycle of the company in which the contribution occurs. Identifying the three main stages of a business' life-cycle, one category private equity activities can be allocated to each one of them. This idea is illustrated in Figure 6.

Figure 6: Private equity strategies and the life cycle of companies



Source: Basile & Ferrari, 2016

Within the start-up phase of a company's life cycle, private equity takes shape as venture capital, divided in three sub-groups: seed financing, start-up financing, and early stage financing.

In **Seed Financing**, the institutional investor aims to transform an innovative idea or project into an entrepreneurial activity, providing the entrepreneur with both financial resources and managerial skills. It is considered a high-risk activity as the potential of the future product or service is still unknown. The valuation process through multiple analysis is also difficult due to the innovative character of the product or service, which makes it hard to find a comparable competitor (Basile & Ferrari, 2016).

Seed financing is particularly difficult to be addressed in the fashion industry as it implies in financing the talent of a designer, which is even harder to be estimated than the performance of the final product.

Start-up Financing and **Early-stage Financing** regard the second and third phases of venture capital but the first and second phase of a company's development. In these phases, the production activity is already in place, but the company did not achieve a break-even point yet.

The institutional investor provides not only managerial coaching but also resources to pay for the fixed costs and to finance the company's working capital. To break-even in the fashion industry, the marketing activity receives a particular attention from investors as it allows for building a brand reputation and creating an initial client base (Basile & Ferrari, 2016).

As the potential of the product starts to become clear, the time of recovery of the initial investment becomes a variable of heavier weight. Institutional investors shift their focus to key performance indices such as revenue growth rate, share of fixed costs in the cost structure, and share of cash flow in total revenues.

As a consequence, labour-intensive industries such as fashion, in which variable costs represent a higher share of the cost structure, require smaller investments, possibly benefiting fashion companies operating in unexplored or poorly explored market niches, such as luxury plus size fashion (Fashionista, 2018) or modesty wear in the Occident (British Vogue, 2018).

Start-up and Early-stage financing have recently become popular instruments to finance "digitally-savvy direct-to-consumer" brands such as Everlane, Outdoor Voices, and Glossier. Tamara Mellon, who previously worked at the luxury footwear manufacturer Jimmy Choo, has used venture capital to grow her shoes brand and was supported by New Enterprise Associates (NEA) (Fashionista, 2018).

Within the growth and consolidation phase of a company's life cycle, private equity takes shape as expansion financing, divided in three sub-groups: second stage financing, third phase financing, and cluster venture.

Expansion Financing refers to the financing of companies that have already reached the break-even point. It aims to encourage their development and, often, to prepare them for IPOs. These are, therefore, less risky investments compared to the start-up operations as (Basile & Ferrari, 2016):

1) the company is already in operation and, therefore, the entrepreneurial risk is lower and only the risk of recovery on the invested capital remains;
2) the amount of necessary investment is lower as only working capital and no longer the fixed costs are financed;
3) the valuation becomes easier due to the availability of historical data;

In **Second Stage Financing**, the company has just reached its break-even point and investors intervene to accelerate growth. In the **Third Stage Financing**, the company has registered more than a positive profit and aims to consolidate its positioning. In **Cluster venture**, investors are looking to increase the company's capitalization and lead it to a stock exchange listing.

In both Europe and in Italy, investments to finance expansions represent the most important segment of private equity and include a supply of not only financial resources but also management coaching, especially in the case of preparation for IPOs (Schickinger, Leitterstorf, Kammerlander, 2018). In addition, expansion financing represents a significant share of private equity activity taking place in the fashion and luxury industries. Examples of recent deals include the acquisition by General Atlantic of a 45% stake in capital of the French label Sézane, Castanea Partner's minority stake in Proenza Schouler, and Berlshire Partner's minority stake in Opening Ceremony (Fashionista, 2018).

Within the maturity and restructuring phase of a company's life cycle, private equity takes shape as buyout activity, divided in three sub-groups: replacement financing, turnaround financing, and vulture financing.

Overall, **Replacement Financing** is a less common activity of private equity. In this case, an investor is asked to temporarily acquire a stake in order to replace one or more shareholders who are believed to restrict the development of the company. Therefore, the fund intervenes without any management involvement and for a limited period of time (Basile & Ferrari, 2016).

In Italy, though, replacement financing is a very common type of transaction for family-owned companies, especially for those facing generational successions (Schickinger, Leitterstorf, Kammerlander, 2018).

Turnaround Financing takes place through a loan that aims to restructure a company operating at loss but with a possible prosperous future. Companies in this modality are believed to have the proper mix of resources that could enable growth, but which were used to follow a misleading strategy. As a consequence, this phase requires maximum involvement of the investors, which acquire a stake in the company and often join the Board of Directors.

To perform turnaround financing, institutional investors are required to have previous knowledge on the reference industry and be highly experienced on it. Therefore, it is not surprising that some private equity funds are specialized in fashion and luxury, like MatlinPatterson Fund, which bought Cerruti, the Italian clothing and fragrance maker, from the bankrupt Italian textile and apparel conglomerate Fin.part (PFM, 2013).

Vulture Financing is the loan that aims to make a company in a state of default operational again. The investment is done when the company is already undergoing a bankruptcy process and when investors believe that the value of intangibles is higher than what is necessary to pay creditors. As brand equity among the most valuable assets of a luxury company (Kapferer & Bastien, 2012), it is not surprising that vulture financing operations such as the sale of Christian Lacroix from the LVMH to the American Falic Group have already taken place (Forbes, 2009).

Buyout operations can also fall under the umbrella of private equity when institutional investors acquire a majority share of a company's equity or try to facilitate the taking control. Such cases can be illustrated by Valentino.

In January 2007, the European private-equity fund Permira Advisers announced that it had bought a 29.6% stake in Valentino from the Marzotto family, who bought the company from its founder in 1999. The announcement forced the buyout rival The Carlyle Group to pull off its bidding for Valentino (CNBC, 2007). In 2012, Valentino was bought from Permira for €700 million by Mayhoola for Investments, Qatar's royal family investment fund (Reuters, 2012).

To describe the main purposes and advantages of the private-equity activity, the concepts of start-up financing, expansion financing, and turnaround financing shall be further explored. From the perspective of the acquired company, an advantage common to the 3 activities is represented by access, given the funds' managerial resources and skills, often more qualified than those present in the founding families.

The family company that accepts to open its capital to an external fund is subject to the benefit of discipline in Corporate Governance and the distinction of family and company interest, instigated by the presence of the fund. In fact, the greatest value is often represented by the cultural change of the entrepreneur (Schickinger, Leitterstorf, & Kammerlander, 2018).

Start-up Financing is a powerful tool for the family company to achieve the break-even point. It is, in fact, the activity in which family companies that accept this type of openness will be able to benefit from more qualified management skills and more abundant financial resources, which, in this initial phase and above all in the fashion industry, can be used to improve distribution and communication and increase the reputation of the brand towards the final consumers.

Another fundamental advantage of start-up financing is expressed by the network of relationships provided by the fund. It becomes easier to obtain financial resources from banks and other institutions, if needed, as the entry of the financial partner increases the prestige of the company and improves the market perception on the validity of the projects in development.

By the time the fund divests from shareholding, the family company should have improved its financial solidity and consistency, which increases its negotiation power against suppliers and financial institutions.

Some of the advantages that can be identified in start-up financing can, however, turn into disadvantages. First of all, there is the risk that, after an initial agreement on the strategic directions to be followed, the vision of the owner family differs from that of the fund. The risk that stimulation of the company's growth is made faster than its normal pace could also occur (Basile & Ferrari, 2016).

In the specific case of the luxury fashion industry, the aforementioned risks are represented by the loss of exclusivity. In the case family business, the company may not have adapted its organization structure to the larger dimensions achieved.

In **Expansion Financing**, the advantages for the company do not differ much from those of start-up financing. At this stage, the corporate structure should already be appropriate to sustain growth. The final goal is to consolidate the company's positioning or to facilitate the implementation of new growth strategies such as internationalization, fundamental in luxury companies as they operate in niche markets, and listing.

The risk of a forced intervention is also present in expansion financing, but in a lower intensity than in the start-up as the company has already shown that it can sustain growth, even though it could lack on the resources necessary to finance future development plans (Basile & Ferrari, 2016). In the specific case of the fashion industry, the expansion financing activity is exposed to an additional risk. As it is likely that the fashion company has already developed some level of brand identity at its development phase, the intervention of the fund should not make changes that, even though likely to increase the company value, are not coherent to the brand identity.

In **Turnaround Financing**, two situations could jeopardize the private-equity activity. First, the company does not accept any external help even though it faces a crisis that could lead it to bankruptcy. Second, the company is not interested in selling shares to another company or group due to the fear of discontinuity of its aesthetic and stylistic identity (Basile & Ferrari, 2016; Schickinger, Leitterstorf, & Kammerlander, 2018). In case of the latter, the fund intervention is a suitable solution as participation is limited in time, with the goal of returning the company to normal conditions of profitability through the use of highly specialized resources and skills.

From the perspective of the fund that intervenes to support the family business, the advantage is always the same: to obtain the highest capital gain as possible at the time of disinvestment. This represents, in fact, a key point for understanding the value creation that characterizes financing through private equity compared to the case of sale to a group. In fact, financing through private equity fund does not aim to completely change a family business' strategy, rhythm, or flexibility, but exclusively to increase the company's value (Dawson, 2011).

Private equity funds do not intervene with speculative logic. The participation is always acquired for a delimited time horizon that is considered sufficient to increase the company's value, which is interesting both to the entrepreneur, who is encouraged to achieve specific targets for each phase, and to the fund itself.

In private equity, therefore, the investor normally holds a minority share and it is not interested in acquiring control of the company. Funds have precise methods of exit from the investment and the necessary interventions will take place in a coherent way, respecting the specific characteristics of the company. Otherwise, the participation would lead to disadvantages for the fund itself. This could be proved by the fact that, in many cases, the companies themselves ask for funding in private equity. In case this does not occur, the entrepreneur still has to accept participation and agree on the planned development plans, a condition that is not always satisfied when it comes to M&A transactions.

The risks usually associated with Private equity transactions are either operational or financial (Dawson, 2011). Operational risks regard the variability of results deriving from the company's operating structure. Financial risks are set by the dynamics of capital markets and usually refer to credit risk and return over invested capital (ROIC). Both risks are very much present in Start-up financing, where the difficulty to assess the company's future performance makes the investment uncertain. Operating risk decreases, however, in the case of expansion financing, where the only uncertainty is linked to the recovery of invested capital. In turnaround financing, it becomes again relevant as the company potential could be assessed incorrectly.

It should be noted, however, that turnaround financing offers the investor a significant advantage. As participation is purchased at a price significantly lower than the price of the company's equity, the probability of a positive capital gain is still increased due to the lower initial investment in case the fund cannot bring the company back to profit (Basile & Ferrari, 2016).

For the development of start-up financing, expansion financing, and turnaround financing, some factors are critical for success.

In Start-up Financing operations, the first and most important requirement is cultural maturity from the entrepreneur. As this operation takes place during the first stages of the company's

life cycle, it could be the case that the company is managed by its founder. In this case, as previously discussed, the entrepreneur manages all aspects of the business and often does not look for or does not trust other people's intervention (Basile & Ferrari, 2016; Dawson, 2011).

Accepting outside resources to speed-up the company's growth comes from a conscious and well-thought decision by the entrepreneurs, who must not be exposed to other pressures in order not to compromise the future relationship with the institutional investor. This factor also seems to be the main barrier that makes many entrepreneurs to exclude the possibility of private equity financing as the fear of losing control is often strong and prevailing over the growth prospects offered by the fund.

On the other hand, financing through private equity is often the only accessible channel for a company in the early stages of its life cycle. The impossibility of offering collateral together with insufficient equity makes bank loans either difficult to obtain or expensive. Commonly, the only and most important asset available is represented by the business idea and by the validity of the development projects seen by the entrepreneur (Basile & Ferrari, 2016; Viviani, Marco, Steri, 2008).

The second critical success factor in Start-up Financing is linked to the value of the ideas and projects (Basile & Ferrari, 2016; Dawson, 2011). Faced with numerous requests for funding, the private equity fund will submit them to a selection process taking into consideration the entrepreneur's capacity not only to come up with an interesting idea and identify a good market segment to compete but also to show that it is feasible given the resources needed.

The aforementioned conditions are even more difficult to demonstrate, from the entrepreneur's point of view, if the first contact with the private equity fund is not direct but done by sending a business and a development plan. The documentation must be accurate in the smallest details. Family businesses that do not count with the analytical skills required for the development of a business plan may be supported by external consultants with the necessary critical skills (Schickinger, Leitterstorf, & Kammerlander, 2018).

When dealing with family businesses, private equity funds that accept to invest their capital are required to have the right sensitivity to collaborate with the owner family. In particular, the

external managers will have to support the entrepreneur without ever replacing it as this could create an obstacle in the generation of future synergies.

When evaluating each stage of development that the company has been through, the private equity fund also has the responsibility to work in consistency with the brand identity that is being created and whether it will allow the company to actually develop what was planned for the subsequent phases. In the specific case of the fashion industry, this is fundamental to minimize the risk of reducing brand equity with choices that, although feasible in technical aspects, such as strategies to maximize revenues by the opening of new shops or increasing the offer of entry-level products, turn out to jeopardize the company's growth.

Finally, the family business must show absolute transparency in the management of the company. This is, in fact, a fundamental pre-requisite for all private equity transactions, particularly in the start-up phase. The family that approaches the company as a public good and manages it as a community will be more willing to accept the suggestions and guidelines of the fund to reach the desired growth rate (Schickinger, Leitterstorf, & Kammerlander, 2018).

In the expansion phase, an essential condition is the demonstration that the company has already implemented a successful entrepreneurial formula (Basile & Ferrari, 2016). Having an appropriate level of initial profitability is an important aspect to be investigated by the private equity fund to determine whether more advanced goals, like internationalization or listing, sound premature.

It is also fundamental for the family business to choose the ideal partner to receive the capital injection from. First of all, the company should determine the goals it intends to achieve by accelerating growth and then to identify whether the fund in question has the expertise and skills set to achieve it. (Schickinger, Leitterstorf, & Kammerlander, 2018)

From the fund's point of view, the most important aspect for the success of the business growth regards the care for the brand identity of the company. In the luxury segment of the fashion industry, the risk of diluting the consistency of the brand is stronger in the expansion than in the start-up phase, especially considering the more advanced goals that these type of operation brings to the company.

In fact, the intervention of the fund must be based on the fact that the resources provided aim to strengthen the company's profitable and sustainable growth, and not to increase the investor's capital gain.

Finally, from the company's point of view, the first requisite in the turnaround phase is a "revision of conscience" by the entrepreneur, who should ask him/herself whether he/she still wants the business to continue to exist and to be restructured. The importance of this self-questioning comes from the fact that many entrepreneurs, even though fully convinced of their will to remain in charge of their companies, have shown a lack of interest in management, making their presence an obstacle to be overcome. If a manager really wants to stay in the company, the entrepreneur must show him/herself disposable to accept the development plans proposed by the private equity fund. Often, private equity intervention in the turnaround phase determine the replacement of top-level managers who have shown themselves incapable of developing profitability and sustained grow (Viviani, Marco, Steri, 2008).

From the fund's perspective, the success of the operation depends on the critical issue of evaluating the company's business and potential and understanding the causes of the crisis, which can be related to mistakes in the implementation of the planned strategy as well as in the internal dynamics of the owner family (Viviani, Marco, Steri, 2008).

6. THE MAX MARA CASE

The following case was developed with information available at Max Mara Educational Platform and published interviews with Luigi Maramotti, CEO of Max Mara Fashion Group S.r.l., and Maria Giulia Prezioso Maramotti, Max Mara Brand Ambassador and Max Mara USA, Inc. Retail Director, unless differently specified. The author declares to have excluded any company-sensitive information and reproduced the remaining content faithfully.

In 1951, Achille Maramotti founded Maramotti Confezioni with the aim of producing high quality women's ready-to-wear. This was a revolutionary idea in the Italian scene as the country's social structure had never encouraged the establishment of a true garment industry. The industrial process was opposed to Italy's extensive network of tailors, capable of fulfilling the clothing needs of all social classes.

When Maramotti decided to focus his business on womenswear, there were no reference models anywhere in Italy. His entrepreneurial vision was influenced by the idea of modernity that the American model offered to Europe, in which society would no longer turn to tailors in the wake up from war but purchase industrially produced clothing.

Maramotti chose to specialize in high-quality outerwear, one of the most challenging product categories in terms of manufacturing. As durable goods, coats and suits were difficult to cut and sew and made of expensive raw materials such as wool, generally requiring the labour of skilled tailors.

By 1955, the company had already experienced a dimensional leap and reached a medium size (OECD, 2005). Maramotti reallocated his 220 employees to a new working plant and changed the company's name to "Max Mara Industria Italiana Confezioni". In the following year, aware of the country's support in the Italian industrialization process after World War II, Maramotti travelled to the United States to learn about product research, techniques of cutting in different phases, production lines, and efficient industrial organization models.

With valuable knowledge in hands, Maramotti returned to Italy to create a bridge between haute couture and ready-to-wear, safeguarding the specificities of the two production logics. While

haute couture was the guardian of a centenary sartorial philosophy, ready-to-wear demanded designs that could be manufactured based on industrial procedures, mass-produced, and transferred to the proportions of different sizes, so that each piece would look the same on women of different body shapes.

The 60's were marked by a true fashion revolution in the modern society, which largely contributed to Max Mara's commercial success. While Jackie Kennedy was a style icon in the beginning of the decade for her pearls and tailored suit dresses, a few years later, supermodel Twiggy became a symbol of women social emancipation for wearing irreverent clothes that required little or no effort.

As innovation in clothing no longer came from haute-couture ateliers, Maramotti began to rely on young fashion creators who offered their ideas to different companies simultaneously. Later on, these creators became known as "designers" in the Italian society and performed a fundamental role in attracting a younger clientele to Max Mara by pushing the brand towards the world of fashion and seasonal trends.

With the changing environment in the late 60's fashion industry, the plurality of emerging styles could no longer be immediately translated into the language of professional fashion. Maramotti then adopted a complex industrial strategy that experimented with modern forms of distribution and led the company to a complete structural reorganization. As an entrepreneur predisposed to sustain growth and whose personal control was not threatened by it, Maramotti implemented a diversification strategy based on product extension with the launching in 1969 of its avant-garde line, Sportmax.

Maramotti's idea was to propose coordinated items that could be purchased separately and matched according to customer's tastes and needs, a concept explored by the American sportswear industry and incorporated by him in Europe with the help of Laura Lusuardi. Hired in 1964 as Fashion Coordinator to create garments designed to match one to another, Lusuardi has remained in the company ever since and is today's Max Mara's Fashion Director.

Through its diversification strategy, Max Mara's style became suitable for all types of women. Standard outfits were abandoned and replaced by a mix of individual garments linked by a common element. The coordinated looks required a new organizational structure, revising and

extending production, hiring new types of workmanship, and establishing work relationships with outside collaborators.

With the Italian economic crisis of the early 70's, Max Mara adopted a new strategy characterized by production specificity. This demanded studies on the target markets of each of the company's lines, sold through the now-extensive chain of single-brand (Max Mara) stores.

Over the years, the relationship established between the company and the team of designers coordinated by Lusuardi became something unique in the industry. Unlike most of today's fashion companies, Max Mara's creative process was never tied up to a single name. Above all, the company's identity could never be overcome by its designers'.

In the 80's, a new way of understanding clothing took place. The Italian look was all about mixing and reinterpreting different ways of dressing and it was brought by fashion entrepreneurs from the catwalks to the streets. This mission was carried out by the Made in Italy movement through a combination of Italy's best creative minds and a highly structured fashion industry able respond to the sector needs. Together with Armani, Versace, and Ferrè, Max Mara played a leading role in affirming the Made in Italy in the international fashion industry.

Although exporting to France since 1972, it was only in the 80's that the company started its process of geographical expansion. At the same time, communication became a matter of increasing attention to Max Mara as the company entered a new stage of growth and brand consolidation.

From a social point of view, the 80's marked a major evolution in the professional role of women. Foreseeing the needs of this new class of consumers, Max Mara created its Weekend and Pianoforte collections to serve it practical and elegant pieces.

In 1981, the Max Mara 101801 Coat in camel arose from Anne Marie Beretta's search for a balance between fabric, form, colour, and manufacturing, becoming the company's true icon and present in Max Mara's main collection ever since. There are 80-220 steps required for the production of each coat and about 20% of operations are done manually. Each garment is

subject to five separate quality control checks before it leaves the factory and receives an identity card with its size, style number, colour, batch number and store delivery week. Between 1981 and 2010, over 142,000 units of 101801 coats were sold (ARF, 2017).

By 1985, Max Mara had reached four manufacturing plants, one distribution firm, 1,450 employees, and 14 ready-to-wear collections, of which 80% were sold in Italy. Moreover, it was during this period that Maramotti expanded single brands sales through the revolutionary approach of franchising and implemented a new commercial and marketing strategy to use store managers' knowledge on customers as a market indicator.

Max Mara shops were architecturally consistent with the brand's image and home of two product lines: regular and plus size. The regular line included Max Mara, Sportmax, Pianoforte (today's Elegante), Weekend, and iBlues collections, while plus-size garments were sold under the brand Marina Rinaldi. The chain Max&Co. was added to the Group's portfolio in 1986.

By the end of the 80's, the Group's creative process was still largely influenced by ideas of external consultants, but it soon began to change as leading international fashion schools were approached in the search for new talents. This movement led to the hiring of Ian Griffiths in 1987, who currently occupies the role of Max Mara Creative Director.

In the 90s, Max Mara conquered overseas markets. With over 1,800 employees, 30% of its products exported, and a distribution network of over 200 stores around the world, the company adopted a much leaner corporate structure to better adapt to this international development, allowing for more flexibility and increased operational speed.

With the growing relevance of the American market, a flagship store was opened at New York's famous Madison Avenue. While the design of the Italian and French flagships was more creative and colourful, the competitive and fast-paced New-Yorker environment was approached with a minimalist back-and-white layout.

By the mid 90s, the Group had successfully developed a global fashion product whose image was adapted to the particularities of different markets. In a few years, further stores were opened in Russia, Croatia, Poland, Hungary, and Estonia, with 60 new locations only in 1999.

In 2000, Max Mara's turnover achieved the milestone of 1.9 trillion Lire (980 million euros), with revenues up by 11.6% vs. 1999 and net profits at 201.5 billion Lire (104 million euros). Within a decade, the Group had doubled its staff to 3,600 employees and opened additional 900 shops, totalling 1,100 sales points spread over 90 countries.

With the arrival of the new millennium, Max Mara faced a favourable scenario to develop its diversification and geographic expansion growth strategies. Diversification was implemented through brand extension as a response to the evolution of the fashion industry and to an innovative market approach. By increasing its number of lines to 29, the Group aimed to achieve a wider range of customers without losing its positioning in the top-range market segment.

In 2003, after having celebrated its 50-year anniversary, Max Mara's new headquarters were inaugurated in Reggio Emilia and received the RIBA (Royal Institute of British Architects) European Award in 2005. The complex consists of three groups of buildings used to host the management, style, and prototype offices of the company's brands (Max Mara, Max Mara Fashion Group, Marella, and Maxima), the showroom shared by all divisions, and the factory area, divided into warehouses for raw materials and finished products.

In 2004, in addition to a further step into its diversification strategy with the launching of a perfume line, Max Mara set aside a significant figure to invest in product development and double its creative team. With 1,800 sales points in 90 countries, Max Mara's commercial development focused on the European and Asian markets, with special attention dedicated to China and Korea.

In 2005, Max Mara Fashion Group announced the passing of its founder. Referring to the parameter of ownership proposed by Corbetta & Salvato (2012), it likely, though, that the company left its "absolute" status to become "closed nuclear" owned before this year. In regard to the parameter of control, Achille Maramotti had already appointed his three children to top management positions and actively participated in their training as future CEOs, establishing a "family coalition" control. As Luigi, Ignazio, and Maria Ludovica Maramotti were already the real driving forces behind the business during the previous decades, this carefully thought succession plan minimized a possible negative impact of the generational shift.

In 2006, the training of new professionals became a key factor in the Group's corporate culture as a Max Mara school was opened to prepare the required technical staff that could not be found on the Italian job market. The aim of this strategy was not only to guarantee the maintenance of professional roles essential for the fashion industry and for the competitiveness of the Made-in-Italy but also to contribute for the survival of several Italian districts specialized in specific activities of the fashion pipelines or in the manufacture of single product categories. Tuscany, for instance, is recognized for being a pole of leather artisans, and it also were handbags for the Max Mara's Accessories line are produced.

In 2007, Max Mara's former premises on Via Fratelli Cervi opened their doors to feature Collezione Maramotti, a cultural project created with a selection of about 200 post-war and contemporary artworks from Achille Maramotti's private collection, including paintings, sculptures, and installations from artists such as Bacon, Basquiat, and Penone.

Collezione Maramotti, though, is not the first demonstration of Max Mara's commitment to the arts, which dates back several years. In 2005, the company stablished its biannual Max Mara Art Prize for Women in partnership with the Whitechapel Gallery to support and promote female artists based on the United Kingdom. As of today, 7 women were awarded with a six months residency in Italy, tailored to fit the artists' winning proposal for the Prize and enabling them to develop their potential through the gift of time and space. The project is further presented in solo expositions both at the Whitechapel Gallery and Collezione Maramotti.

In the early 2000's, several leading companies of the luxury and fashion industries rapidly developed their retail channels with new flagship stores, creating new proposals for the aspects in which visual communication plays a role in defining their brand's identity. As a pioneer in fashion distribution, Max Mara had already put these concepts in practice decades ago.

As for the creative department, the Group continued throughout the 2000's to work with top-level international consultants and young designers from the world's leading fashion design schools. This decade was also marked by the rise of stylists who penetrate the creative process and who closely work with creative stakeholders and photographers. Responsible for selecting items and assembling them together for collection presentations, the stylist is a link in the fashion chain that connects the media to the fashion industry, a fundamental association in the digitization era.

In Max Mara's corporate strategy, a key role is played by the product as it is the result of all creative and operational efforts carried out throughout the manufacturing process. Fashion photography represents one of the company's main communication strategies, developing concrete campaigns that highlight particular technical aspects or practical details. The narrative and material elements become secondary and give space to the woman's personal style and individuality.

As of today, the Max Mara Fashion Group has a portfolio of 9 organically grown brands and 41 companies generating over 1.55 billion euros in revenues (ARF, 2017). When questioned about acquiring other companies, Luigi Maramotti is categoric:

"Never say never, but I do not think that interests us a lot. We are not marketing fanatics in the strict sense, we are more interested in what we can do by developing our ideas. There are people who are very good at renewing brands, we are not very good" (Deeny, 2018).

With roughly 2,700 stores around the world, the Max Mara Fashion Group is present in 105 countries and has over 5,500 employees of 100 nationalities speaking 27 languages. It remains fully owned by the Maramotti family through trust companies and has Luigi, Ignazio, and Maria Ludovica Maramotti as CEOs in the holding and in seven of its most important subsidiaries.

Luigi Maramotti, born in March 1957, is recognized for his entrepreneurial characteristics. He is the president of the holding, Max Mara Fashion Group S.r.l, and three of the main subsidiaries: Max Mara S.r.l., Maxima S.r.l., and Diffusione Tessile S.r.l. He is the father of Costanza and Elia Maramotti, who also work in the company.

Ignazio Maramotti, born in December 1961, is recognized for his organizational skills. He is the president of Marella S.r.l. and Marina Rinaldi S.r.l. and father of Alice, Caterina, Luca, and Fabia Maramotti.

Maria Ludovica Maramotti, born in July 1953, is recognized for her product knowledge. She is the president of Manifatture del Nord S.r.l. and mother of Maria Giulia, Sebastiano, and

Edoardo Prezioso Maramotti. Her husband, Giuseppe Antonio Prezioso, is thee president of Imax S.r.l (Pambianco, 2006).

All of the seven main subsidiaries and holding include Luigi, Ignazio, and Maria Ludovica Maramotti as part of their Board of Directors, in addition to a small number of external members whose names cannot be disclosed here. Following the classification of Corbetta & Salvato (2012) presented on chapter 3, Max Maria Fashion Group's corporate management and organization is characterized by the presence of both members and non-members of the owner family in top-management positions and Board of Directors,

As an "extended family business", the Max Mara Fashion Group is a company of large size, with external members present both in company management and Board of Directors, and, as the family articulates its second generational shift, of "closed extended ownership". On the grounds of succession, Luigi Maramotti says:

"We are very involved in the life of the company. This is a very fascinating activity if you like it. So, if the members of our family show passion and determination, there will always be room for them. I am convinced that family businesses give added value. If we look at the past Italian history, we realize that we had the shops, those that today we would define the laboratories, the great painters, in which there is a transfer from the father to the son of culture, knowledge, skills, skills, and moreover this motivation of the people who work in a family business that can overcome a lot of problems" (Deeny, 2018).

Out of the nine cousins in the third generation, born between 1983 and 1999, four are already on board of their family's company: Maria Giulia, Edoardo, Costanza, and Elia Maramotti.

Maria Giulia Maramotti is Max Mara's Global Ambassador and U.S. Retail Director. Among the factors that led Maria Giulia Maramotti to join her family's company, the desire to keep alive her grandfather's project was certainly of primary importance.

When she was a child, she would make drawings to mimic Jean-Charles Castelbajac, who would be at the Max Mara atelier designing for the company. According to her, the company was initially a fun place to play, but after noticing the way her grandparents, uncles, aunts, and

parents talked “so passionately about the business”, she knew that, one day, she would be passionate about working for it too (The Epoch Times, 2015).

Indeed, her enthusiasm for the company and fashion sparked at a young age. At eight, she would enter her mother’s closet to play around the gowns. “They were just beautiful”, she says. “That is one of my first fashion memories”. Five years later, during Milan Fashion Week, she attended to her first Max Mara fashion show. “I was backstage, so I felt a lot of emotion and also pride” (NUVO, 2012).

As we have seen, inheritance handed down from parent to child represents one of the main characteristics of family businesses. It is a competitive advantage and the first and most important guarantee of the creation of bonds between the heirs and the family’s business. On this regard, Maria Giulia says:

"Family business is the right word. The values and concepts with which I approach my job every day have been transferred to me from my family. I have always been proud of the way we approach the commitment to Max Mara. Most of all, it's about the love and passion I have always seen around me” (Independent, 2011).

Having graduated from Bocconi University with a master’s degree in finance, Maria Giulia joined her family’s company at the age of 23, but not in a role she would have expected. She was a sales assistant at one of Max Mara’s boutiques in Milan.

“At the beginning, I was like “Seriously? You want me to go into sales? Are you kidding me?”. My mother looked at me and said, “This is the biggest favour we can do for you”, and it turned out to be the truth. Coming into the retail business, and I’m very young for where I am, I’ve learned a lot by starting from the beginning. I’ve had constant growth and it has turned out to be the key to my success as a businesswoman” (Independent, 2011).

The contact with product at the shop floor, the tacit knowledge learnt through observation, the hours spent playing at the company’s headquarters, and the contact with environments and places significant to the work of her parents, uncles, and grandfather have allowed Maria Giulia to embody her family’s passion.

“You cannot separate the Max Mara concept from my family because everybody works there. That was the main topic at the dinner table”, she says. "Being raised in a family of entrepreneurs, the example that has always been set is simply that you are responsible for your stakeholders. It is not just about being successful. It is the ethics of an entrepreneur" (Independent, 2011).

Maria Giulia’s words highlight the intrinsic strength of family business. It is not just a matter of learning, but a vocation to do things in a certain way. While the technique can be taught, the vocation is natural and inevitably influenced by the experiences accumulated since the first years of life. Through observation and imitation, these experiences create an approach to work that will be distinctive of the future entrepreneur. No one who has not lived these experiences will be able to incorporate the company's culture and values in the same way.

The authentic incorporation of the company’s culture and values is a distinctive characteristic of family businesses and a powerful source of competitive advantage specifically in the fashion industry. The stylistic identity of the brand, which is strictly related to its past, will evolve consistently in a process guaranteed by the members of the founding family. In the Max Mara case, this process is also fomented by the company’s unique approach to creation, one of its innovations like so many others.

By keeping the identity of its designers as a secret for years after their tenure is over, Max Mara was able to remain true to its values and has already been home of big names such as Karl Lagerfeld, Domenico Dolce and Stefano Gabbana, Jack McCollough, and Lazaro Hernandez (from Proenza Schouler). According to Luigi Maramotti:

"I could introduce you to “Mr. R.” who will never be on the cover of a magazine. He isn't a party man, but he develops fabrics, yarns and sewing techniques. The focus must be the creative process. Of course, it's a challenge to transfer an idea of style without visible personification, but it's our challenge” (Independent, 2011).

As mentioned in chapters 3 and 5, a consistent aesthetic is a critical factor of success for fashion companies in several growth strategies and alternatives to family ownership, including listing, often feared by the possible aesthetical loss that comes with shareholder’s pressure over creative directors, acquisition, and private-equity.

On the future prospects, Maria Giulia is determined to keep Max Mara privately owned. She, her two brothers, and six cousins “get on very well”, communicating and sharing responsibilities. Much of Max Mara’s success comes from its ownership structure. Without outside investments, the business was developed in line with the family’s own ethics and corporate values. “One of my missions as a third-generation representative is to do as much as possible to stop it from becoming public,” she says. “Family is the strength of our company so far” (NUVO, 2012).

Therefore, Max Mara has suffered since its foundation important transformations that led it to grow organically and give rise to 9 different brands and 41 companies, all embracing the values of the founding family in the same way. In this sense, the Max Mara case does not limit itself to the revolution of the ready-to-wear. In terms of family businesses, it illustrates a case of success of the entire fashion system as it contributes for the survival of the several specialized manufacturing districts in Italy. The company´s influence goes beyond what is capture by its financial figures, being it not only a true ambassador of the “fatto a mano” in the world but also transcending the “Made-in-Italy” label as, in the words of the group’s CEO, “creativity has no flag” (Deeny, 2018).

7. CONCLUSION

The final chapter presents the findings that have emerged from the analysis developed along this study combining the contributions derived from the theoretical background on ownership structure with those from the empirical case presented. However, before exploring them, it is first necessary to identify the conclusive lines drawn on each of the topics approached throughout chapters 2 to 6.

Chapters 2 and 3 illustrate the general features of the fashion industry and family businesses. Out of the several concepts presented by them, two must be recalled in order to elaborate the conclusion: the advantages and disadvantages of family ownerships and how these elements accelerate or slow down the speed of development of family business in the luxury fashion industry.

Among the advantages of family ownership, the most important are concentration of ownership, organizational flexibility, long-run orientation, greater risk aversion, stability of governance, independence, family's attachment to the company, and entrepreneur mindset of employees. Among the main disadvantages, low capital reserves, self-imposed capital constraint, lack of formal structure, lack of credibility, confusion of assets, and confusion of roles.

When the family business has 1) a clear, growth-oriented entrepreneurial project, 2) a formal structure to fit the target size, 3) growth does not threat the welfare of family members, 4) entrepreneurs command with external management in the presence of a Board of Directors, and 5) generational shifts are approached as a source of entrepreneurship, the advantages originated from their configuration of property will overcome the disadvantages, leading the company to grow.

Chapter 4 presented the methodology developed along the study. In general lines, a sample of 28 companies was selected to represent the totality of luxury fashion companies in Italy. Based on changes in their ownership structures that have taken place when the totality of their capitals was still in hands of their founding families, these companies were classified as full family-owned, partially family-owned, or not family-owned. The maintenance of or changes in their

ownership status were considered to be direct consequences of the growth strategies implemented by them. In case their ownership status was changed to “not family-owned”, the respective growth strategy was considered to be an alternative to family-ownership.

The alternatives to family-ownership were identified as 1) selling the totality of or a majority stake on capital to a conglomerate or group (M&A) and 2) selling a majority stake on capital to a private-equity fund. In addition, listing in the stock exchange was also added to the alternatives list as it represents an alternative to full family ownership, although not to family ownership per se.

The three alternatives to full family-ownership were explored in chapter 5 together with their main advantages, disadvantages, and critical factors of success in light of the theoretical background presented in chapter 3 and small case studies of several luxury and fashion companies collected through document analysis. Chapter 5 also indicates the existence of 6 full family-owned Italian luxury fashion businesses, from which 4 have reached over €1 billion in annual revenues, namely Max Mara, Giorgio Armani, Dolce & Gabbana, and Ermenegildo Zegna.

In chapter 6, Max Mara was chosen to represent the 6 Italian luxury fashion companies that remained full family-owned and reached large proportions through integrated processes of organic growth. As Achille Maramotti had a clear, growth-oriented entrepreneur project, the Max Mara case presents concrete examples of aspects discussed in chapter 3 such as dimensional leap, structural reorganization, internationalization, and diversification. For this reason, the case serves its purpose when illustrating the life cycle of the family business described on the chapter 3.

In search for features originated from Max Mara’s ownership structure that allowed the company to systematically grow, its trajectory since 1951 was explored in detail along chapter 6. In case these elements were to be found, this study would be able to provide evidence to support that family ownership is a source of growth in Italian luxury fashion companies, answering the research question proposed in chapter 1

From a strategic point of view, the success of the Italian luxury fashion company depends on the maintenance of the manufacturing culture that gave birth to the “Made in Italy” and is so

intrinsically associated to family ownership. With its configuration of property as a primary source of means, Max Mara has managed to have its mission carried out by the Made in Italy. This process has taken place through product development and technical innovation fomented by the exclusive relationship stablished between the company and its team of designers and penetration into all market segments described by the fashion pyramid through a portfolio of 9 organically grown and image consistent brands.

As brand equity represents the most important asset for companies operating in the luxury segment, the custody of their identity and consistency in corporate strategy, guaranteed by the entrustment of management to members of the founding family, constitute the first and most important opportunity for the sustainable growth of family businesses in the Italian luxury fashion industry.

As discussed along the case, Laura Lusuardi has remained Max Mara's Fashion Coordinator since 1964 as a direct consequence of the company's ownership structure. Consistency in management has led to the personal attachment of Lusuardi to the Maramotti family members and their entrepreneur project. To highlight the relevance of employing a creative leader for over 50 years, one can refer to the long list presented in section 5.2. of non family-owned companies that suffered shifts in their main creative bodies, which jeopardizes the consistent development of their brand identities.

Inheritance handed down from parent to child is another element originated from Max Mara's ownership structure that has allowed the company to implement integrated processes of organic growth. It is the most important guarantee of creation of bonds between the heirs and their families' business as it allows for the transmission of tacit knowledge through direct observation and imitation. This process was put in place by Maria Giulia Maramotti since an early age.

The hours spent playing at the company's headquarters, the contact with product at the shop floor, and the contact with environments and places significant to the work of her relatives have allowed Maria Giulia to embody a passion for Max Mara in a way that cannot possibly take place outside the family-owned business environment. This passion creates a body of motivated employees who see themselves as part of a long-term entrepreneur project together with the members of the owner family.

The authentic incorporation of the company's culture and values is a distinctive characteristic of family businesses that allows Italian luxury fashion companies to grow. The stylistic identity of their brands, which is strictly related to their past, evolves consistently in a process guaranteed by the members of the founding family. In the Max Mara case, this process is also fomented by the company's unique approach to creation, in which the identity of its creative director is underexplored in order not to overcome that of the product and brand.

However, increased staff dimension, turnover, and value generated to shareholders are not the only analysed features to assess a company's growth path. In fact, the influence of a fashion company goes beyond what is captured by its financial figures.

In the Max Mara case, the thematic of multidimensional growth is closely linked to that of innovation. Just like culture can be a source of innovation, it can also be a source of growth. The immaterial value, which is generated by culture and knowledge rather than by the raw materials or technological processes, is the fundamental resource for the fashion industry.

Therefore, a second dimension of growth can be identified, one that is valid for fashion and for many other symbolic-intensive industries: growth from a cultural perspective based on knowledge, interpretations, and proposals deriving from aesthetic-linguistic culture of our society. The products with a high symbolic content created to satisfy more than physical or functional necessities incorporates part of a society's culture and shapes the contemporary perspective on style.

Max Mara's iconic coats derive from the interpretation that several teams of designers have given throughout the decades to the definition of "being Italian" and, above all, "from Reggio Emilia", region where the company was born. In this sense, they are cultural vehicles, channelizing immaterial values based on the history and traditions of the territory of origin. In the specific case of Max Mara, the contribution given to its land of origin is, above all, a cultural contribution. To the extent that it is continuous and enriched over time, it also defines a growth dimension on its own.

There is, however, a third dimension of growth that can be identified in regard to fashion companies, one that is closely related to the stylistic identity of the brand and reflects in the entire range of products offered.

The main responsibility of the fashion company is in fact related to the brand that it has given rise to. These companies must then encourage the evolution of its products' stylistic identity.

A threat can take place because the maintenance of the brand identity depends not only on the designer itself, but also on agents that influence of the decision-making process that defines the company's strategy. Being the brand identity based on a product component, a distributive component, and an image, the managers involved in the respective strategies play a fundamental role in maintaining its consistency. In this sense, it would be interesting, for future projects, to carefully evaluate the impacts that changes in management and ownership structure have at the brand identity level of luxury fashion companies. Not having an answer for it is one of the limitations of this study.

In conclusion, there are three dimensions through which an Italian family-owned luxury fashion company can grow, which correspond to the three contributions that it can make to its country of origin. These are the economic-financial dimension, related the company's cash flow and profitability, the cultural dimension, which derives from the role of fashion as a channel of cultural consumption, and the dimension of stylistic evolution of the products offered, based on the balance between aesthetic innovation to incorporate changes on trends and on consumers' taste and the respect for the brand's stylistic identity.

The development in financial terms depends on the ability of the entrepreneur to lead the company to a path of sustainable growth, often supported by a process of structural organization. Cultural growth, on the other hand, cannot benefit from the contribution offered by standard systems or tools. It relies on individual persons and their tacit knowledge, which cannot be transferred if not through deep sharing of values, culture, brand identity, and the ability to balance the trade-off between continuity and innovation, fomented by family ownership.

REFERENCES

AIDAF (2019) Family business in Italy. Available at: http://www.aidaf.it/en/aidaf-3/1650-2/ [Accessed 2 Feb. 2019].

AIDAF (2016) The AUB Observatory on Italian family businesses. Available at: http://www.aidaf.it/wp-content/uploads/2014/09/Report-AUB-VIII-edizione_full_version.pdf [Accessed 23 Apr. 2019].

Anderson, C. A. & Reeb, D. M. (2003) Founding-family ownership and firm performance: Evidence from the S&P 500. The Journal of Finance, Vol. 58, Issue 3.

Andres, C. (2008) Large shareholders and firm performance: An empirical examination of founding-family ownership. Journal of Corporate Finance, Vol. 14, Issue 4.

ARF (2017) Behind closed doors at Max Mara's HQ in Reggio Emilia. Available at https://www.afr.com/lifestyle/fashion/max-mara-20170620-gwuy5s [Accessed 2 Feb. 2019].

Bain & Company (2000) Strategies for corporate growth. Available at https://www.bain.com/insights/strategies-for-corporate-growth/ [Accessed 16 Apr. 2019].

Basile, I. & Ferrari, P. (2016) Asset management and institutional investors. Springer International Publishing.

Bianco, M.; Gola, C.; & Signorini, L. F. (1996) Dealing with separation between ownership and control: State, family, coalitions, and pyramidal groups in Italian corporate governance. Enrico Mattei, Milan.

Bloomberg L. P. (2019) Company overview of Clessidra SGR S.p.A. Retrieved Feb. 2, 2019 from Bloomberg database.

Bowen, Glenn A. (2009) Document Analysis as a Qualitative Research Method. Qualitative Research Journal, Vol. 9, Issue 2 pp. 27 – 40.

British Vogue (2018) The multi-billion-dollar modest fashion industry that's gone global. Available at: https://www.vogue.co.uk/article/the-multibillion-dollar-modest-fashion-industry-thats-gone-global [Accessed 4 Feb. 2019].

Business of Fashion (2017) Luxury brands are snapping up farms to control their supply chains. Available at: https://www.businessoffashion.com/articles/global-currents/how-luxury-brands-are-snapping-up-farms-to-control-their-supply-chains [Accessed 2 Feb. 2019].

Business of Fashion (2017) How Burberry is operationalising 'see now, buy now'. Available at: https://www.businessoffashion.com/articles/intelligence/how-burberry-is-operationalising-see-now-buy-now [Accessed 2 Feb. 2019].

Business of Fashion (2018) Dolce and Gabbana speak on succession plan. [online] The Business of Fashion. Available at: https://www.businessoffashion.com/articles/news-analysis/dolce-gabbana-speaks-on-succession-plans [Accessed 1 Dec. 2018].

Business of Fashion (2018) Game on: Michael Kors acquires Versace for $2.1billion. [online] The Business of Fashion. Available at: https://www.businessoffashion.com/articles/news-analysis/game-on-michael-kors-acquires-versace-for-2-billion [Accessed 2 Feb. 2019].

Business of Fashion (2018) Mayhoola: Inside the secretive Qatari luxury empire. [online] The Business of Fashion. Available at: https://www.businessoffashion.com/articles/professional/mayhoola-inside-the-secretive-qatari-luxury-empire [Accessed 2 Feb. 2019].

Business of Fashion (2018) The State of Fashion 2018. Business of Fashion. Available at: https://cdn.businessoffashion.com/reports/The_State_of_Fashion_2018_v2.pdf [Accessed 1 Jan. 2019].

Business Insider (2019) Meet Bernard Arnault, the French billionaire who just pledged $226 million to help rebuild the Notre-Dame, controls luxury-goods empire LVMH, and is the third-

richest person in the world. Available at: https://www.businessinsider.com/who-is-bernard-arnault-richest-person-in-europe-lvmh-life-photos-2019-1?r=US&IR=T [Accessed 22 Apr. 2019].

Cambridge Business English Dictionary (2019). Def.1: “Organic growth”. Cambridge: Cambridge University Press. Available at: https://dictionary.cambridge.org/dictionary/english/organic-growth [Accessed 23 Apr. 2019].

Cascade (2018) The Ansoff matrix helps organizations to grow. Available at: https://www.executestrategy.net/blog/the-ansoff-matrix-helps-organizations-grow/ [Accessed 2 Feb. 2019].

Carcano, L.; Corbetta, G.; & Minichilli, A. (2011) Why luxury firms are often family firms? Family identity, symbolic capital and value creation in luxury-related industries. Universia Business Review.

Carney, M. (2005) Corporate governance and competitive advantages in family-controlled firms. Entrepreneurship: Theory and Practice.

Caselli, S. & Gatti, S. (2005) Banking for family business: A new challenge for wealth management. Springer-Verlag Berlin Heidelberg.

CCI (2019) Chambre de Commerce et d’Industrie de Paris. Available at: http://www.cci-paris-idf.fr. Accessed in 5 Fev. 2019].

CNBC (2007) Permira buys 29.6% stake in fashion group Valentino. [online] CNBC. Available at: https://www.cnbc.com/id/18693467 [Accessed 4 Feb. 2019].

CNBC (2017) Meet the family behind Ermenegildo Zegna. [online] CNBC. Available at: https://www.cnbc.com/2017/06/08/meet-the-family-behind-ermenegildo-zegna.html [Accessed 2 Feb. 2019].

Corbetta, G. (1995) Patterns of development of family businesses in Italy. Family Business Review, SAGE Publications.

Corbetta, G. & Salvato, C. (2012) Strategies for longevity in family firms: An European perspective. Great Britain: Palgrave Macmillan.

Davis, F. (1992) Fashion, culture, and identity. The University of Chicago Press. Chicago & London.

Dawson, A. (2011) Private equity investment decisions in family firms: The role of human resources and agency costs. Journal of Business Venturing. Vol. 26, Issue 2.

Deeny, G. (2018) Max Mara, el Gigante Silencioso, habla. [online] Fashion Network. Available at: https://es.fashionnetwork.com/news/Max-Mara-el-Gigante-Silencioso-habla,985254.html [Accessed 1 Dec. 2018).

Demsetz, H. & Lehn, K. (1985) The structure of corporate ownership: Causes and consequences. Journal of Political Economy. Vol. 93, No 6.

Deloitte (2018) Global powers of luxury goods 2018: shaping the future of the luxury industry. Deloitte. Available at: https://www2.deloitte.com/content/dam/Deloitte/mx/Documents/consumer-business/2018/Global-Power-of-Luxury-Goods-2018.pdf [Accessed 1 Dec. 2018).

Dematté, C. & Corbetta, G. (1994) Steering the development of family businesses. Family Business Review, SAGE Publications.

Family Business Magazine (2019) The world's oldest family companies. Available at: https://www.familybusinessmagazine.com/worlds-oldest-family-companies [Accessed 2 Feb. 2019).

Fashionista (2018) All the ways to finance a fashion business in 2018. Available at: https://fashionista.com/2018/06/how-to-fund-finance-fashion-business [Accessed 3 Feb. 2019).

Fashionista (2018) Luxury fashion has a problem with plus size. Available at: https://fashionista.com/2018/05/luxury-designer-plus-size-clothing-problem [Accessed 3 Feb. 2019).

Forbes (2009) End of line for Lacroix. [online] Forbes Magazine. Available at: https://www.forbes.com/2009/05/28/christian-lacroix-fashion-france-business-bankrupt.html#5a2c0344537d [Accessed 3 Feb. 2019].

International Journal of Scientific and Research Publications (2012). Monograph. IJSRP 2012. Available at: www.ijsrp.org/monograph/MonographFormatIJSRP.docx [Accessed 1 Mar. 2019]

Independent (2011) All wrapped up: What is next for Max Mara? Available at: https://www.independent.co.uk/life-style/fashion/features/all-wrapped-up-whats-next-for-max-mara-2369467.html [Accessed 28 Jan. 2019].

Ivey Publishing (2017) Case and teaching note submission guidelines. Ivey Publishing, 2017.

Jones Lang LaSalle (2011) Glitter and glamour shining brightly: The 100 most renowned luxury brands and their presence in Europe's metropolitan centres. Available at: https://www.nieuwsblad.be/extra/luxemerken.pdf [Accessed 29 Apr. 2019].

Kapferer, J. N. & Bastien, V. (2012) The luxury strategy: Break the rules of marketing to build luxury brands. Kogan Page.

KPMG (1999) Unlocking shareholder value: The keys to success. Mergers and Acquisitions: Global Research Report 1999.

La Porta, R.; Lopez-De-Silanes, F.; & Shleifer, A. (2002) Corporate ownership around the world. The Journal of Finance. Vol. 54, Issue 2.

Lansberg, I; Gersick, E. K.; Hampton, M. M.; Davis, J. A. (1997) Generation to generation: Life cycles of the family business. Harvard Business School Press.

Lee, J. (2006) Family firm performance: Further evidence. Family Business Review.

Max Mara Fashion Group Educational Platform (2019) Company History. Retrieved Feb. 2, 2019 from Max Mara Fashion Group Educational Platform database. Available at at http://www.edu.maxmara.com/en/form-cowebsite/2010624/The-50-s/40920.

Market Screener (2018) Luxottica Group. Retrieved Feb. 2, 2019 from Market Screener database. Available at: https://www.marketscreener.com/luxottica-group- 90830/company/.

Market Screener (2018) Prada SpA. Retrieved Feb. 2, 2019 from Market Screener database. Available at: https://www.marketscreener.com/prada-s-p-a-8235601/company/.

Market Screener (2018) Salvatore Ferragamo SpA. Retrieved Feb. 2, 2019 from Market Screener database. Available at: https://www.marketscreener.com/salvatore-ferragamo- -8180985/company/.

Market Screener (2018) Safilo Group. Retrieved Dec. 1, 2019 from Market Screener database. Available at: https://www.marketscreener.com/safilo-group-s-p-a- 165621/company/.

Market Screener (2018) Tods SpA. 1, 2019 from Market Screener database. Available at: https://www.marketscreener.com/tods-s-spa- /company/.

Mazzola, P. & Marchisio, G. (2002) The role of going public in family businesses' long-lasting growth: A study of Italian IPOs. Family Business Review. Vol. 15, Issue 2.

Miller, D. & Le Breton-Miller, I. (2005) Managing for the long run: Lessons in competitive advantage from great family businesses. Harvard Business Press.

NUVO (2012) Maria Giulia Maramotti: Max Mara's next generation. Available at: https://nuvomagazine.com/magazine/autumn-2012/maria-giulia-maramotti. [Accessed 2 Feb. 2019].

OECD (2005) OECD SME and entrepreneurship outlook: 2005. OECD Publishing.

OECD (2010) High-growth enterprises: What governments can do to make a difference, OECD Studies on SMEs and entrepreneurship. OECD Publishing.

OTB Group (2019) Group Profile. Available at https://www.otb.net/data/the-group_6ad97/categorie/7/otb_group_profile_2019_83b9d.pdf [Accessed 2 Feb. 2019].

Pambianco (2006) Il punto debole di Max Mara. Available at: https://www.pambianconews.com/2006/11/27/il-punto-debole-di-max-mara-19467/ [Accessed 1 Feb. 2019].

Prada Group (2019) Group Profile. Available at: https://www.pradagroup.com/en/group/group-profile.html [Accessed 2 Feb. 2019].

Pritchett, Price (2018) Lessons from 1,000 deals. Pritchett, LP.

Reuters (2012) Qatari royals buy Italian fashion icon Valentino. [online] Reuters. Available at: https://www.reuters.com/article/us-valentino-qatar/qatari-royals-buy-italian-fashion-icon-valentino-idUSBRE86B0TH20120712 [Accessed 2 Feb. 2019].

Reuters (2013) LVMH says buys control of Loro Piana for 2 billion euro. [online] Reuters. Available at: https://www.reuters.com/article/us-lvmh-loropiana/lvmh-says-buys-control-of-loro-piana-for-2-billion-euro-idUSBRE96713420130708 [Accessed 2 Feb. 2019].

Reuters (2014) Brunello Cucinelli transfer whole company stake to trust. [online] Reuters. Available at: https://www.reuters.com/article/us-brunello-trust/brunello-cucinelli-transfers-whole-company-stake-to-trust-idUSKBN0F02RO20140625 [Accessed 2 Feb. 2019].

Reuters (2017) Fashion house Versace sells stake to Blackstone to fund growth [online] Reuters. Available at: https://www.reuters.com/article/us-versace-blackstone/fashion-house-versace-sells-stake-to-blackstone-to-fund-growth-idUSBREA1Q0KE20140227 [Accessed 22 Apr. 2019].

Reuters (2018) Italian state-backed fund to buy 41.2 pct stake of fashion house Missoni [online] Reuters. Available at: https://www.reuters.com/article/italy-ma-missoni-fsi/italian-state-

backed-fund-to-buy-412-pct-stake-of-fashion-house-missoni-idUSI6N1T9001 [Accessed 22 Apr. 2019].

Salvato, C.; Lassin, U.; & Wiklund, J. (2007) Dynamics of external growth in SMEs: A process model of acquisition capabilities emergence. Schmalenback Business Review. Vol. 59.

Schickinger, A.; Leitterstorf, M. P.; Kammerlander, N. (2018) Private equity and family firms: A systematic review and categorization of the field. Journal of Family Business Strategy. Vo. 9, Issue 4.

The Dubai Mall. (2014, November 12). Franca Sozzani – VFDE 2014 Fashion Talk [Video file]. Retrieved from https://www.youtube.com/watch?v=8_W8mHW0sZY&t=2419s.

The Epoch Times (2015) Max Mara's legacy for the love of art and women. Available at: https://www.theepochtimes.com/max-maras-legacy-for-the-love-of-art-and-women_1739376.html [Accessed 1 Feb. 2019].

Sun, Y. (2012) Italian industrial districts: Recent transformation and innovation. Institute of European Studies, Chinese Academy of Social Sciences. Vol. 6, Issue 6.

The Guardian (2016) Why Valentino buyout is the future of fashion. [online] The Guardian. Available at: https://www.theguardian.com/fashion/fashion-blog/2012/jul/13/valentino-qatar-buy-out [Accessed 4 Feb. 2019].

The Fashion Law (2018) Kering: A timeline behind the building of a conglomerate. [online] The Fashion Law. Available at: http://www.thefashionlaw.com/home/kering-a-timeline-behind-the-building-of-a-conglomerate [Accessed 2 Feb. 2019].

The Fashion Law (2018) The story of how Givenchy ended up under the umbrella of LVMH. Available at: http://www.thefashionlaw.com/home/the-story-of-how-givenchy-ended-up-under-the-umbrella-of-lvmh [Accessed 2 Feb. 2019].

The Telegraph (2001) LVMH pays $225m to take control of Fendi. [online] The Telegraph. Available at: https://www.telegraph.co.uk/finance/2743316/LVMH-pays-225m-to-take-control-of-Fendi.html [Accessed 2 Feb. 2019].

Thomas, Luisa (2007) The secret language of jeans. Slate. Available at http://www.slate.com/id/ 2129956/ [Accessed 5 Feb. 2019].

Tod's Group (2019) Brands. Available at https://www.todsgroup.com/en/brands/tods [Accessed 2 Feb. 2019].

Vanity Fair (2009) So very Valentino. [online] Vanity Fair. Available at: https://www.vanityfair.com/news/2004/08/valentino200408?currentPage=all [Accessed 5 Feb. 2019].

Villalonga, B; Amit, R. (2006) How do family ownership, control and management affect firm value? Journal of Financial Economics. Vol. 80, Issue 2.

Viviani, D; Marco, G. Steri, R. (2008) Private equity-backed IPOs and long-run market performance analysis of Italian firms. The Journal of Private Equity. Vol. 11, Issue 3.

Worek, M. (2017) Mergers and acquisitions in family businesses: Current literature and future insights. Journal of Family Business Management. Vol. 7, Issue 2.

Winsper, J. (2007) The 6 P's of luxury marketing. WinsperInc.

Yin, R. K. (1994) Case study research: Design and methods (2nd ed.). Thousand Oaks, CA: Sage.

Yves Saint Laurent (2018) In Wikipedia. Retrieved 02 Feb. 2019, from https://en.wikipedia.org/wiki/Yves_Saint_Laurent_(brand).

APPENDIX

Table 4: Analysed documents

Document Name	Document Type	Document Source	Available at
Aeffe acquires remaining stake in Pollini	Online newspaper article	Just-Style	https://www.just-style.com/news/aeffe-acquires-remaining-stake-in-pollini_id110332.aspx
AEFFE S.P.A. (AEF)	Data bureal publishing	MarketScreener	https://www.marketscreener.com/AEFFE-S-P-A-410429/?type_recherche=rapide&mots=AEFFE
Angeloni Sells Stake in Brioni	Online newspaper article	WWD	https://wwd.com/fashion-news/fashion-features/angeloni-sells-stake-in-brioni-1911441/
Bottega Veneta: our History	Company website publishing	Bottega Veneta	https://www.bottegaveneta.com/experience/en/about-us/our-history/
Brioni may sell stake as luxury market weakens	Online newspaper article	The New York Times	https://www.nytimes.com/2008/11/17/business/worldbusiness/17iht-brioni.4.17901458.html?mtrref=www.google.com&gwh=6D93BC174DAC747FA73C933BE46F5D9D&gwt=pay
BRUNELLO CUCINELLI SPA (BC)	Data bureal publishing	MarketScreener	https://www.marketscreener.com/BRUNELLO-CUCINELLI-SPA-10446678/?type_recherche=rapide&mots=BRUNELLO_
Brunello Cucinelli transfer whole company stake to trust	Online newspaper article	Reuters	https://www.reuters.com/article/us-brunello-trust/brunello-cucinelli-transfers-whole-company-stake-to-trust-idUSKBN0F02RO20140625
Company Overview of Aeffe S.p.A.	Data bureal publishing	Bloomberg	https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=716529
Company Overview of Brunello Cucinelli S.p.A.	Data bureal publishing	Bloomberg	https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapid=30531605
Company Overview of Clessidra SGR S.p.A.	Data bureal publishing	Bloomberg	https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=5377320
Company Overview of Luxottica Group S.p.A	Data bureal publishing	MarketScreener	https://www.marketscreener.com/luxottica-group-90830/company/
Company Overview of PRADA SpA	Data bureal publishing	Bloomberg	https://www.bloomberg.com/quote/1913:HK

Document Name	Document Type	Document Source	Available at
Company Overview of Salvatore Ferragamo S.p.A	Data bureal publishing	Bloomberg	https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=5522170
Company Overview of TOD'S S.p.A.	Data bureal publishing	Bloomberg	https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=8636853
Company Overview Safilo Group S.p.A	Data bureal publishing	MarketScreener	https://www.marketscreener.com/safilo-group-s-p-a- 165621/company/
Dolce and Gabbana speak on succession plan	Online newspaper article	Business of Fashion	https://www.businessoffashion.com/articles/news-analysis/dolce-gabbana-speaks-on-succession-plans
Fashion house Versace sells stake to Blackstone to fund growth	Online newspaper article	Reuters	https://www.reuters.com/article/us-versace-blackstone/fashion-house-versace-sells-stake-to-blackstone-to-fund-growth-idUSBREA1Q0KE20140227
Ferragamo family holding to sell 3.5 percent in Italian luxury group	Online newspaper article	Reuters	https://uk.reuters.com/article/us-italy-ferragamo-stake/ferragamo-family-holding-to-sell-3-5-percent-in-italian-luxury-group-idUKKBN1JF2PJ
Ferré Sold	Online newspaper article	British Vogue	https://www.vogue.co.uk/article/gianfranco-ferre-is-sold
Game On: Michael Kors Acquires Versace for $2.1 Billion	Online newspaper article	Business of Fashion	https://www.businessoffashion.com/articles/news-analysis/game-on-michael-kors-acquires-versace-for-2-billion
Glitter and glamour shining brightly: The 100 most renowned luxury brands and their presence in Europe's metropolitan centres	Consulting Firm Report	Jones Lang LaSalle	https://www.nieuwsblad.be/extra/luxemerken.pdf

Document Name	Document Type	Document Source	Available at
Global powers of luxury goods 2018: shaping the future of the luxury industry	Consulting Firm Report	Deloitte	https://www2.deloitte.com/content/dam/Deloitte/mx/Documents/consumer-business/2018/Global-Power-of-Luxury-Goods-2018.pdf
Gucci Family, Split by Feud, Sells Large Stake in Retailer	Online newspaper article	The New York Times	https://www.nytimes.com/1988/06/08/business/gucci-family-split-by-feud-sells-large-stake-in-retailer.html
Italian family-owned luxury brand Trussardi sells out to fund	Online newspaper article	Financial Times	https://www.ft.com/content/984510fa-2f70-11e9-ba00-0251022932c8
Italian fashion label Krizia has a new owner	Online newspaper article	Fashion United	https://fashionunited.uk/v1/design/italian-fashion-label-krizia-has-a-new-owner/201402245715
Italian state-backed fund to buy 41.2 pct stake of fashion house Missoni	Online newspaper article	Reuters	https://www.reuters.com/article/italy-ma-missoni-fsi/italian-state-backed-fund-to-buy-412-pct-stake-of-fashion-house-missoni-idUSI6N1T9001
KERING (KER)	Data bureal publishing	MarketScreener	https://www.marketscreener.com/KERING-4683/
Kering: A Timeline Behind the Building of a Conglomerate	Online newspaper article	The Fashion Law	http://www.thefashionlaw.com/home/kering-a-timeline-behind-the-building-of-a-conglomerate
Kering's CEO on Finding the Elusive Formula for Growing Acquired Brands	Online newspaper article	Harvard Business Review	https://hbr.org/2014/03/kerings-ceo-on-finding-the-elusive-formula-for-growing-acquired-brands
Loro Piana Brothers Become Billionaires Selling Cashmere to LVMH	Online newspaper article	Business of Fashion	https://www.businessoffashion.com/articles/news-analysis/loro-piana-brothers-become-billionaires-selling-cashmere-to-lvmh
LVMH and Loro Piana: the family values campaign	Online newspaper article	Financial Times	https://www.ft.com/content/d3d36e79-1ba5-3c07-b876-0cb4ecd08f6b

Document Name	Document Type	Document Source	Available at
LVMH MOËT HENNESSY VUITTON SE (MC)	Data bureal publishing	MarketScreener	https://www.marketscreener.com/LVMH-MOET-HENNESSY-VUITTO-4669/
LVMH pays $225m to take control of Fendi	Online newspaper article	The Telegraph	https://www.telegraph.co.uk/finance/2743316/LVMH-pays-225m-to-take-control-of-Fendi.html
LVMH says buys control of Loro Piana for 2 billion euro	Online newspaper article	Reuters	https://www.reuters.com/article/us-lvmh-loropiana/lvmh-says-buys-control-of-loro-piana-for-2-billion-euro-idUSBRE96713420130708
LVMH: A Timeline Behind the Building of the World's Most Valuable Luxury Goods Conglomerate	Online newspaper article	The Fashion Law	http://www.thefashionlaw.com/home/lvmh-a-timeline-behind-the-building-of-a-conglomerate
Maria Giulia Maramotti: Max Mara's next generation	Online magazine publishing	NUVO	https://nuvomagazine.com/magazine/autumn-2012/maria-giulia-maramotti
Marzotto family buys 7 percent stake in Germany's Hugo Boss	Online newspaper article	Reuters	https://www.reuters.com/article/us-hugo-boss-stake-marzotto/marzotto-family-buys-7-percent-stake-in-germanys-hugo-boss-idUSKBN0LE27320150210
Max Mara Company History	Employee training platform publishing	Max Mara Fashion Group	http://www.edu.maxmara.com/en/form-cowebsite/2010624/The-50-s/40920
Max Mara, el Gigante Silencioso, habla	Online magazine publishing	Fashion Network	https://es.fashionnetwork.com/news/Max-Mara-el-Gigante-Silencioso-habla,985254.html
Meet the family behind Ermenegildo Zegna	Online newspaper article	CNBC	https://www.cnbc.com/2017/06/08/meet-the-family-behind-ermenegildo-zegna.html
Milan fashion week: Investor rescues Gianfranco Ferré label at last minute	Online newspaper article	The Guardian	https://www.theguardian.com/lifeandstyle/2011/feb/25/gianfranco-ferre-milan-fashion-week

Document Name	Document Type	Document Source	Available at
Roberto Cavalli Sold	Online newspaper article	British Vogue	https://www.vogue.co.uk/article/roberto-cavalli-sold-to-clessidra-sgr
Roberto Cavalli sold to Italian private equity firm	Online newspaper article	The Telegraph	http://fashion.telegraph.co.uk/news-features/TMG11576038/Roberto-Cavalli-sold-to-Italian-private-equity-firm.html
SALVATORE FERRAGAMO (SFER)	Data bureal publishing	MarketScreener	https://www.marketscreener.com/SALVATORE-FERRAGAMO-8180985/
Sergio Rossi Sold By Kering	Online newspaper article	British Vogue	https://www.vogue.co.uk/article/sergio-rossi-sold-by-kering-to-investindustrial
Sergio Rossi sold to Aston Martin owner	Online newspaper article	The Telegraph	https://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/12041505/Sergio-Rossi-sold-to-Aston-Martin-owner.html
The Battle for the Gucci Group: A "Hostile Takeover" and a "Poison Pill"	Online newspaper article	The Fashion Law	http://www.thefashionlaw.com/home/the-battle-for-the-gucci-group-a-hostile-takeover-and-a-poison-pill
The Battle for the Gucci Group: The Ugly Legal Aftermath	Online newspaper article	The Fashion Law	http://www.thefashionlaw.com/home/the-battle-for-the-gucci-group-the-legal-aftermath
The Castiglionis (You Know, the Marni Family) Return to Fashion	Online newspaper article	The New York Times	https://www.nytimes.com/2018/09/20/fashion/castiglioni-plan-c-milan-fashion-week.html
The future of Italian brands: a perspective on talent and succession	Company website publishing	The MBS Group	https://www.thembsgroup.co.uk/internal/the-future-of-italian-brands-a-perspective-on-talent-and-succession/
The State of Fashion 2018	Consulting Firm Report	Business of Fashion and McKinsey & Co.	https://cdn.businessoffashion.com/reports/The_State_of_Fashion_2018_v2.pdf

Document Name	Document Type	Document Source	Available at
TOD'S SPA (TOD)	Data bureal publishing	MarketScreener	https://www.marketscreener.com/TOD-S-SPA-79342/?type_recherche=rapide&mots=tod
Tod’s Group: Brands	Corporate website publishing	Tod's Group	https://www.todsgroup.com/en/brands/tods
Versace Agrees to Sell Stake to Blackstone	Online newspaper article	The New York Times	https://dealbook.nytimes.com/2014/02/27/versace-agrees-to-sell-stake-to-blackstone/

Source: Elaborated by the author