

# DOING BUSINESS IN ITALY

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## Business Climate

Italian business has often complained that it is being held back by a confusing, stodgy bureaucracy and that public-sector companies in Italy are like so many white elephants. However, the Italian public-sector is changing, particularly at the regional and municipal levels, with the election of several dynamic, business-oriented public officials.

The "Clean Hands" scandal that sidelined much of Italy's political ruling class in 1992/93 also has changed the way business and procurement contracts are handled. As in other countries, irregular practices still occur but a foreign competitor with a good product, at the right price, now has the same chance as anyone else of winning a contract.

*The use of a local partner is essential and far cheaper than attempting to establish a local market presence alone. Contacts and a local presence are important, especially in environmental or telecom sectors, which involve procurement by public-sector agencies or utilities. The labyrinthine decision-making process and financing complexities require knowledge of the system, the modus operandi and the players.*

The real dynamism of Italian economic development since the early 1880s have been small and medium enterprises. SMEs have been more competitive in a costly labour market, quicker to adapt to export opportunities, and more open to

new technology opportunities. Many SMEs have grown out of family businesses, or were created "ad-hoc" by entrepreneurs to take advantage of geographic concentration of crafts and trades.

*These entrepreneurs represent the most promising vehicle for entry into the market.* In contrast to previous generations, they are generally globally oriented and are eager to gain access to new business opportunities from overseas that will give them an edge in the Italian and European market.

An added feature of interest in the Italian market, and an important factor in Italy's impressive industrial growth in recent decades, is the presence of "Industrial Clusters" or centres of excellence unifying SMEs (and often, the large manufacturers they supply) within a relatively small geographical area.

For example, a small zone called Montebelluna is home to 100 firms, many of them tiny, specialized sub-contractors that, together, supply 40 per cent of the world's ski boots. Although they aggressively compete with each other, they cooperate in the management of common infrastructures for transportation, waste disposal and even promotion. Pooling their resources reduces operating costs. This type of "collaborative-competition" permits a Canadian supplier to tap into a pool of users having much larger resources than would normally be available to SMEs.

## When in Rome ... Italian Business Culture and Etiquette

*There are some nuances well worth remembering with regard to Italian culture and etiquette, particularly as they pertain to business practices.*

- Italy, having few natural resources, has always been a trading nation, and Italians are always eager to find and embrace new products and ideas. Canada has a good reputation in Italy, primarily because of Canada's high standard of living and natural beauty. These traits frequently carry weight when introducing

Canadian business into the country (but ultimately it is the quality, price and reliability which determines the success of a product). Italians also appreciate the open and friendly way in which Canadians do business, and will not expect them to speak Italian, being more likely to apologize for their own limited command of French and English. However, attempts to say even a few words of Italian will be appreciated and encouraged.

- Initially, business relations

are formal but gracious. If you speak Italian, you should use the polite "Lei" form and call people by their titles as given on the business cards (for example, Dottore or Dottoressa, which signifies a university graduate) or Ingegnere. Avoid using dialect — it is better to speak in English or French than to use non-standard Italian in a business setting. In meetings, it is expected that one starts with

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When in Rome*