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DIFFUSE ENTREPRENEURSHIP AND THE VERY HEART OF «MADE IN ITALY», FOR FASHION AND LUXURY GOODS

«Made in Italy» is a worldwide label for fashion and luxury brands. It suggests top quality as well as a sense of distinction and it is closely linked to famous brand names as well as entrepreneurs like Giorgio Armani, Miuccia Prada, Gianni Versace. Nevertheless, behind the sparkling names, made in Italy hides a set of entrepreneurial forms that are at the heart of peculiar Italian savoir-faire for fashion and luxury goods and that were, indeed, at the heart of the economic development of the country. Design, production and distribution of fashion and luxury goods in Italy have solid foundations in a diffuse network of independent enterprises that ensured economic and cultural development and innovation. The free, yet coordinated, initiative of small entrepreneurs, firmly rooted in the traditional structure of the Italian society, constitute the economic and social fabric behind the success of some of the well known large groups of the high end of the fashion and luxury system. This fabric of diffuse entrepreneurship is also actually ensuring the necessary variety of initiatives and countermeasures to face the crisis of this sector and to invent new solutions against the de-manufacturing and the fierce concurrence of the developing countries.

Key words: diffuse entrepreneurship, innovations in design, branding innovations, fashion and luxury goods.

Introduction

The link between fashion and luxury goods and economic development albeit not blatant, is strong and long dating. Textile and clothing represent an epitome of a starting industry: they are traditionally used as a first step toward industrialization, development and social progress not only in recent history by third countries, but were at the origin of the industrial revolution and development in Western countries (Rivoli, 2005). When textile and clothing and other related industries become value added achieving symbolic power (Kawamura, 2005), they become fashion and luxury and represent both an economically a culturally

intensive sector, because of the intrinsic nature of its products (garments and other body-related products) defined as «cultural mediators» by the great anthropologist Claude Lévi-Strauss (1958). The development of fashion and luxury sector is also well representing the dynamics of the growing economies (Veblen, 1899; Fallers, 1954) and provides the opportunity to investigate the relation between creative and productive issues because of the complex and non separable dynamics among design, production and distribution.

As widely recognized (White, 2000), Italy has a leading place in the global system of fashion and luxury products and «Made in Italy» become one of the most worldwide dif-

fused labels, conveying good taste, distinction and quality of the products. This leading role has been achieved through a massive dose of private entrepreneurship that ensured innovation (Aldrich, 2005) rarely profiting from state or public help as it was the case of other sectors in the same country (e. g. automotive) and of the same sector in other countries (e. g. the 1989 buying of Yves Saint Laurent by Sanofi, a branch of ELF Aquitaine, the former French State Petrol Company). The history of fashion and luxury industry in Italy is a story of entrepreneurship, intended as risk taking and innovation, and it is very closely connected with the development of the Italian economy and society (Brusco, 1982). The enterprises producing fashion and luxury goods played an important role in the transition from a rural, largely underdeveloped country, to an industrialized, G8 country (Bagnasco, 1977; Brusco, 1982), following the rationale of the American intervention in the Italian economy (Marshall Plan) after the Second World War (White, 2000). This form of development led to the rise and success of some of the most important and worldwide famous Italian entrepreneurs: Armani, Gucci (now French), Ferragamo, Versace, Prada, Dolce e Gabbana, Valentino, Ferré, just to mention the top-of-mind.

In this article I will provide a general outline of the main patterns of entrepreneurship in design, production and distribution of made in Italy fashion and luxury goods, showing that there exist several different models and that it is not possible to generalize at a national level as certain literature tried to make (Ainamo and Djelic, 1999). It is, indeed, possible to reconstruct some patterns ideal-typical in design, production and distribution of the «Made in Italy» of fashion and luxury goods: the designer-entrepreneur binomial couple in the design, the network enterprise and the industrial district in the material production, the multibrand trendy shop, acting as cultural intermédiaire, in the distribution. Nevertheless, the most distinctive trait is, indeed, the interplay among all of these different levels and models of entre-

preneurship i. e. diffuse entrepreneurship. With this label I intend the fact that innovation takes place in a complex network of exchanges between different organizations ensuring a mutual exchange of knowledge and the «continuous negotiation of meaning» on the model of the «diffuse creativity» (Mora, 2006).

Entrepreneurship and innovation in design

When we think about a fashion house, we always forget that we are talking about a designer studio and not about an apparel firm. The technical core (Thompson, 1969) of a fashion house is located around the design related activities and the material production is present only in the case of the Parisian Haute Couture. The organization chart of a fashion/luxury house have a very short hierarchical structure, with some of the managers — namely the art directors in general — directly in touch with the work crew without a clerical structure (Giusti, 2009b, 2011) and several external links for the material production and distribution. The overall image is much more similar to the chart of a construction firm than to the chart of any other mass production firm (see also Stinchcombe, 1959). At the heart of these kind of «stars», with a small technical core and several external links, there is design and there are, in luxury fashion design (Crane, 2000) the designers. Fashion designers working under their own brand name are creative individuals who ensure the success of their products posing themselves as «cultural intermédiaires» and guaranteeing the identification between the consumers and the products they design (Giusti, 2009b). To put it with Negus (2002) «cultural intermediaries shape both use values and exchange values, and seek to manage how these values are connected with people's lives [...] to forge a sense of identification, whether between a young person and a training shoe, a spectator and a film star, or a listener and a musician». Being a good designer means being a good cultural intermédiaire and, I would add, it mean being a cultural

entrepreneur, i. e. someone who build its own value through a personal charisma and using a cultural capital (Aldrich, 2005). Fashion designers are often entrepreneurs in the sense that they are also the owners of their own brands and take the entrepreneurial risk of producing innovation¹. This is the main difference between the fashion designer and the other types of designer: other designer generally, either just sell the project of a new product, as it is the case in industrial design, or they sell their time to a firm, as it is the case in jewelry, watches, and, usually, perfumes. The story of the worldwide recognized tenors of the made in Italy is also a story of entrepreneurial risk taken by the designers: fashion designers who were able to give value to their name and who were able to create their own company, providing the delivering of the product with their name, from the project to the window.

It is interesting to note that since creative individuals are rarely able to take into account the bureaucratic-administrative side of their jobs (Chiapello, 1998) they often act in association with a partner. Frequently this partner is also either a relative or a partner (sometimes «the») partner in life. This is the case for Giorgio Armani and Sergio Galeotti, for Valentino and Giancarlo Giammetti, for Alberta Ferretti and her brother Massimo, Miuccia Prada and her husband Patrizio Bertelli. All of these couples are specific cases of the more general phenomenon indicated by the French sociologist Eve Chiapello (1998, p. 161) with the name of «binomial» (couples): a «creative» individual doubled and helped by an «administrative», who provides all the administrative skill necessities to couple the creative and innovative side, with the good commercial reasons. The rationale of having a manager who is, in a way or another,

a partner also in life, is «the logic of control via donation», were the judgement about the action is suspended until the final result — without any consideration for efficiency and cost/benefits in the short term — and the exploration necessarily connected to every organizational activity, particularly in creative industries, receives the trust that needs to be performed (March, 1991). In this sense, the traditional embeddedness of the Italian economic life into other social institutions, like family, usually a negative phenomenon, becomes an opportunity.

Manufacturing, diversity and networks for innovation

As James Aldrich (2005) highlights very well how entrepreneurship, intended, with Schumpeter (1934), as the use of a novel combination of the available means of production, is intrinsically linked with innovation and creativity and via that, with social networks in (Perry Smith and Shalley, 2003; Aldrich, 2005). The entrepreneur is someone able to use different forms of capital (Bourdieu, 1996, quoted by Aldrich, 2005 and Burt, 1995) in the contexts she/he is playing in. On the other side, the Production of culture theory (Peterson and Anand, 2004) shows that innovation takes place only in a competitive market i. e. in a market full of different opportunities. Oligopolies and bureaucracies (Peterson and Berger, 1971, 1975 and 1996; Lopes, 1992 and others) are not compatible with the diversity that leads to innovation. Finally, Uzzi (1996) has demonstrated strength and limits deriving from «the network effect» i. e. being embedded in networks and Burt (2004) has shown the crucial role of the brokers, namely people who stand near the holes in a social structure, in having good ideas.

Producing fashion and luxury goods in Italy meant — and still mean, for the happy few who are still manufacturing in Italy — to have an almost infinite range of possibilities. Traditionally, Italian industrial development was not based upon the big firms like FIAT, but upon an incredibly rich, and spread and tight fabric

¹ Of course, there are many designers who do not have their own brand name and who do not ensure the function of cultural intermediaries: they are what I call the «technician- designers» (Giusti, 2009b) as there are some fashion designers (e. g. Karl Lagerfeld), who ensure an incredible dose of charisma to the brand, even if they are just Art Directors.

of SME, were «small» have often the meaning of 5 workers and the entrepreneur (Bagnasco, 1977; Brusco, 1982). Even the GFT, once the most important Italian manufacturer for luxury fashion design (Armani, Ungaro, Valentino, Massimo Osti, Claude Montana), did not have internal production, but was more a broker, linking fashion houses and subcontractors. On the example of the GFT, this happen to every major company «producing» fashion and luxury goods, even when they have their own brand: from Aeffe (Alberta Ferretti), to Gucci and Ferragamo. A fashion/luxury house that want to produce its garments, shoes, bags, jewels, in Italy can choose among, the 2.600 garment firms only in the Carpi district (R-I, 2010), or among the about 10.000 firms producing jewels, in the whole Italian territory. We are far from the numbers of manufacturing firms in developing countries like, for instance Turkey (Aspers, 2006), but the balance between variety and embeddedness is ensured. Furthermore, the high quality knowledge of Italian subcontractors appears, until now, competitive with the developing countries (Giusti, 2011b). Foreign luxury brands are still looking for Italian manufacturers: it is the case for Vuitton who just opened a factory in the Brenta shoe district, for Dior, manufacturing at Ma. Co. (Parma), for Gucci who created a tightly controlled set of trustful subcontractors in the Florence district of leather goods and many others. Even if these data include also the subcontracting firms, specialized only in part of the production — another peculiar quality of the «Made in Italy» (see Brusco, 1982; Lazerson, 1995) — it is clear that there are many possibilities to found the right partner to manufacture the ideas of the designers. Indeed, manufacturers are integral part of the success of the fashion brands, giving important technical insights for making real every creative input, even the most hazardous one, coming out of the imagination of the designers. Furthermore, in this context it is true what Peterson and Berger (1971) used to say about the music industry were «the financial risk of entrepreneurial decision is minimized by reducing

the discretion of the entrepreneurial position, by increasing the number of entrepreneurs and the number of entrepreneurial decisions made by each».

An epitome of the Italian manufacturer's story and role as a broker, is the knitwear firm «Miss Deanna», located in a small, unknown, village between Modena and Reggio Emilia. Deanna, a former petrol station attendant with the hobby of knitting, was discovered by some buyers from the British department store Harrod's, lost in the Italian countryside, then she started up her own firm and became one of the most famous avant-garde knitwear manufacturer, widely known as «developer of talents». She was worldwide known for her deep technical knowledge in knitting and for the help she could give to the designers in developing their ideas. She used to develop and produce the collections of a huge number of talented fashion designer, from Armani (who finally bought the firm), to Coveri, from the British Joseph to the French-Japanese Kenzo, from the eclectic Jean-Paul Gaultier, to the conceptual Martin Margiela. The repertoire of innovation stories of Deanna Ferretti Veroni², the founder and former owner of the firm, is infinite and shows very well the exchange between designers, technicians and manufacturers that the Italian sociologists Paolo Volonté and Emanuela Mora has called «diffuse creativity» and it deals with the continuous exchange of knowledge and meanings in the production of innovation (Mora, 2006).

Multibrand stores, fine-grain tuning with the market and innovation

The third pillar of the Made in Italy has been multibrand distribution. Italy has always been a peculiar case in Western panorama, because of its lack of big department stores and mass retail channels. The only real department store is La Rinascente in Milan. Garments, accesso-

² Personal communication with the author and special lesson at the University of Bologna, Zonemoda (BA and MA in Fashion) May the 12th 2006.

ries, jewels, were — and are still, even with the advent of direct retail for many brands — always distributed in large majority, from a huge quantity of micro, independent points of sale. The owners of these points of sale, individual entrepreneurs, often inheritors of historical shops have played a very important role in ensuring a direct, immediate, reliable feedback on the new products, launched by the luxury company. The backward pattern, from the independent store, the boutique, to the fashion house, is also part of this path, since Alberta Ferretti started with a small garment store «on the way for the cemetery»³ and Emilio Pucci also opened his boutique in Capri one year before the first historical fashion show at «la sala Bianca» of Palazzo Pitti in Florence (Verganti, 2004). Even Rossella Jardini, the art director of Moschino, her historical collaborator and muse, started with a small multibrand shop called «Il pomeriggio» where she used to sell avant-garde designers like Issey Miyake and Ter et Bantine (*ibidem*).

Even when the success of the store did not lead to the opening of an independent fashion house, the work of these other kind of cultural intermediaries, has historically been very important for the Italian fashion houses. Mario Bandiera, the founder of the brand «Les Copains», star of the knitwear in the 1970's and 1980's, said he was testing some models via the famous multibrand shop *Camisa* in Bologna⁴. If *Camisa* was selling the models, he used to launch mass production and success was ensured all over. This important role of brokerage was shared with the independent agents (Ricchetti and Cietta, 2006), but it was and it is much more culturally rich, since the agents are not directly in touch with the consumers and do not represent a cultural intermédiaire. The shop, with the layout, the windows, with the personal relationship between the saleswomen or men and the customers, is so important in the construction of the consumer's choice and identity

³ Personal communication with the author.

⁴ Interview with Mario Bandiera, June 2011.

(Katz and Lazarsfeld, 1955; Péretz, 1992) to become a vantage point for every brand. This effect is of course profitable also for foreign brands: what many international avant-garde designers would have been in the Italian market without shops like Biffi or Pupi Solari (Milan), Penelope (Brescia), Luisa via Roma (Florence) or Papeete and Oscar (Riccione)? The network of independent, multibrand shops in Italy has always provided a fine-grained description of the market and realized another important entrepreneurial function in cultural industries: it developed «a system of rapid feedback to monitor the market success of each decision and each entrepreneur and by rewarding or firing entrepreneurs on short notice based on their success in predicting changes in the turbulent environment» (Peterson and Berger, 1971).

The concept stores, like the famous 10, *corso Como* in Milan, represent, indeed, an evolution of these traditional multibrand stores. The main difference is not in the range or quality of the products, but, indeed in the customer catching area, more local (Merton, 1949) in the case of the traditional multibrand, and cosmopolitan (*ibidem*), in the case of the concept store.

Conclusion: Made in Italy as a system of diffuse entrepreneurship for innovation

The main characteristic of the Made in Italy is not a static organizational model, as suggested by some authors (Ainamo and Djelic, 1999). Organizational models come and go, like in any other country, following the rules of the management fashions (Abrahamson, 1996) and not necessarily co-evolving at the national level (Ainamo and Djelic, 1999).

What is peculiar and what represents, indeed, the very heart of the Italian way to the luxury goods, is the multilevel, close cooperation among a variety of different enterprises: the fashion and luxury houses, the manufacturers and subcontractors, the independent points of sale. In this sense, the typical Italian enter-

prise is more a way of interconnecting different levels and organizations, through networks, than a static, integrated structure. The continuous interplay of the different actors exchanging knowledge and meanings (Mora, 2006) and sharing the entrepreneurial risk, the presence of artistic individuals able to enhance the value of the products by acting as cultural intermediaries and by using logics exploration-friendly, the great number of actors competing and cooperating, create and reproduce a favourable environment and a specific model for innovation and economic development, that takes the name of «Made in Italy».

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