

How the head of an Italian family company is finding a taste for a new career

Coffee man tries grind of politics

WHEN it comes to the art of making good coffee, the Italians are top of the heap for quality, taste and price.

And 39-year-old Riccardo Illy, managing director of coffee brand Illycaffè, knows more than most of his countrymen about the art. Born with a passion for coffee into a family who have roasted and sold a quality product for three generations, he knows what his coffee-drinking customers are looking for.

He claims to know what is good for the citizens of his home city Trieste, in north east Italy. In the country's regional elections last November, the slight, blond businessman was elected mayor of Trieste. "Satisfying citizens' needs is like satisfying customers' needs," he says.

He points out that the input of financial and human resources is required for industry and municipality alike and both sectors have to yield good results.

"Illycaffè employs 200 workers and will reach a turnover of approximately L110 billion (\$65m) in 1994, while Trieste municipality has 3,300 employees and a budget of L330bn," he says.

Riccardo Illy is part of a new breed of entrepreneur-politicians emerging in Italy. There's also Luciano Benetton who became a Republican senator but has now renounced his intention of rerun-

INTERVIEW

**RICCARDO
ILLY**

ning in the forthcoming elections and is returning to run his clothing empire full time. More recently, Italian media mogul Silvio Berlusconi launched new political party Forza Italia.

What is behind this trend? "We are about to begin a second republic and there is an enormous public loss of confidence in traditional parties. We need new men and strong leaders," says Illy.

He argues a convincing case for the entrepreneur-politician who can contribute organisational skills and an understanding of economics and labour relations to set the new republic on its feet. "At the moment, the captains of industry are stronger than the political leaders and we risk destroying our private sector," he says.

Set up in 1933 by Francesco Illy, the family company has followed a clear-cut direction of roasting quality coffee beans for espresso, marketing it first to bars and restaurants and then for domestic and office use.

Innovative at the right moment in packaging coffee



Ruler of the roast: Riccardo Illy, one of Italy's new entrepreneur-politicians involving themselves in the country's reshaping

in airtight tins and inventing an air-pressured commercial espresso machine, the company founder set the company on the road to success.

Among Italy's 750 coffee manufacturers, Illycaffè is in fifth place. Turnover has increased from L10bn in 1980 to L104bn in 1993, while the company has no short-term debts. It has long-term debts standing at L20 bn.

What effect does Riccardo Illy expect his new political commitment to have on his business? "At the moment, the time I spend in the company is down to one hour a day," he says. But he thinks that is enough to keep things ticking over. "It's important to delegate and I have already

set this in place," he says. With a back-up of a typical Italian family company, this is not difficult.

His parents, Ernesto and Anna are joint chairman and vice-chairman, while his 30-year-old brother Andrea is production manager and his sister Anna is purchasing manager, responsible for buying raw coffee from South America, Africa and Papua New Guinea.

Riccardo, who entered the company at 22, is working closely with Andrea to share the role of managing director. A third and elder brother, Francesco, is a photographer who lives in Switzerland and manages the company's visual needs. Illycaffè is

controlled by the family holding company, Buriana, with a majority stake of 64.5 per cent held by the parents, a 20 per cent share divided between the children and the remainder held by the holding company.

However, the benefits of a businessman becoming city mayor certainly outweighs the drawbacks. Almost overnight Illycaffè's managing director was splashed across newspapers in Italy, France and Germany and even in the US, where export sales are growing. "The international attention surprised me because I was expecting only local comment," he says.

For the forthcoming year Riccardo Illy plans to

increase factory working hours and begin night shifts in order to meet rising sales demands. He has no plans to take on new employees, but will buy new machinery with higher production capacity.

He attributes the steady growth to clear strategy and a family atmosphere. An established company policy has been to focus exclusively on producing coffee for espresso and of maintaining a high quality Arabic blend.

"It took a long time to convince bar owners that it is worth paying more for a quality product," he says. Unusual for coffee manufacturers, Illy Caffè concentrates on one blend instead of marketing 20 or 30 different types.

ANGELO PISTOIA