Company Competitiveness as a Variable Success Strategy for the Territory and the Environment

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Abstract

Supporting the fortunes of the Made in Italy agri-food brand are the best quality products which can be found throughout the Italian territory and which, in many cases, derive from Southern Italy, with a particularly interesting role assumed by Campania and Sicily.
The Sicily Region boasts a varied and peculiar food and wine heritage, especially from a qualitative point of view, the Born in Sicily brand, made with excellent raw materials which constitute and support the development of important production lines within the agro-industrial sector.
Among the most important food industries in Italy and on the island, there are some operating in the confectionery industry. Today the fast-growing confectionery industry contributes a great deal to the agri-food system.
This study analyzes the agri-food system both in Italy and Sicily, highlighting the main sectors which contribute to make the Made in Italy brand competitive around the world and how companies have succeeded in starting up some interesting internationalization processes.
This the reason why a specific case regarding a Sicilian confectionery industry is examined so as to understand how it was able to create such a successful innovative product, establishing itself on both the national and international market.
The results show that entrepreneurial skills contribute a great deal to creating business competitiveness and territorial development.

Keywords: *agri-food system; quality product; valute chain*

1. Introduction

The agri-food system is made up of all those businesses which deal with the cultivation, transformation and marketing of agricultural products.

This group is mainly characterized by four economic sectors: agriculture, the industry that provides technical means for agriculture, the industry that transforms the agricultural product into food products (agro-industry) and, finally, distribution.

There are also some other sectors, such as chemistry, biotechnology, breeding, transformation of raw materials, packaging and food safety which contribute to determine the agri-food system, initially made up of the agricultural component only, and now also constituted by logistics and distribution.

The agro-food system is made up of different types of supply chains and each of them is able to increase a development of its local products, depending on production specialization and thus determining three types of districts:

- ❑ Agriculture
- ❑ Food industry
- ❑ Beverage industry

Within the Italian agri-food system, a very important contribution is provided by the Sicilian economy which is characterized by certain factors such as land productivity, climate, quality of raw materials.

In the present study a confectionery company is analyzed, highlighting the economic aspects and, above all, the fundamental elements that have led to its success around the world.

The work stems from a deep interest in the knowledge of the agro-food system and, more specifically, for agro-industries, especially those belonging to the confectionery industry so as to understand to what extent the economic future of Sicily can be linked to the continuation of the success that the agro-industrial sector has shown it can achieve even during years of crisis, such as the ones we are currently experiencing.

2. Economic Literature

The creation process of the agri-food system is based on three fundamental aspects:

1. **The verticalization of the agri-food sector,** which is the most significant and primitive legal formalization of the food supply chain, achieved through the spread of the phenomenon of vertical integration in agriculture (Bivona, 1979), responding to the needs of industrialized agriculture and massively oriented to a globalized market in which a single company can manage to control the entire production cycle, from production to the transformation and sale of the finished goods;

2. **The horizontal integration** that supports agri-food production through other sectors which affect the manufacturing sector (production of agricultural machinery, fertilizers, pesticides);
3. **The concentration of financial resources,** or the use of the economic and financial capital used by a single company to enter a market.

The structure of the agri-food sector and the behaviour of the different companies operating in it, also depends on the social-cultural and institutional reference. The current features of the agri-food sector derive from the various changes that have taken place regarding some important stages of development in the western economies. Historically, the sector that has responded to the food needs was the agricultural one and the role of industry and food distribution has only recently developed.

In Italy, agriculture has undergone profound changes (Fanfani, 2009) since the day after the end of the Second World War. The ability to enhance typical local products represents a decisive element for the endogenous development of territorial systems, in consideration of the important economic, social and tourist effects it can produce. Through the enhancement of typical products, in fact, the merely productive function of agricultural activities is integrated by new and different functions, including the protection of the environment and the territory, the preservation of culture and rural traditions, creating spaces and places affected by new economic and social dynamics (Belletti and Berti 2011).

The simultaneous emergence of a non-mass production and consumption model has also strengthened and brought out the interest in traditional and typical agro-food products, also giving rise to the phenomenon defined by some rural restructuring scholars, responding to a new multifunctionality that characterizes agricultural activities in today's society.

Attention to typical products, in particular food and wine products, was also driven and supported by the growing attention of citizens to the quality of food products, as well as the desire to enhance and pass on local traditions and a more general adherence to a simpler and more natural lifestyle. It is indeed widely recognized that the typical products, as a form of expression of culture of a specific area, widely affect the social and economic development of the local rural territories (Rossi A. and Brunori G., 2013), in particular by achieving the following social and economic benefits:

- an increase in the incomes of farms, both single or associated;
- the affirmation of a qualified occupation;
- greater social liveliness;
- regeneration, through enhancement and preservation, of traditional activities;
- the development of a food and wine kind of tourism that can contribute to improve the economic sustainability of the reference territories.

What has been said is consistent with the principles of the theory on endogenous rural development (Slee, B., 1993; Ploeg van der J.B., 2006), a paradigm which is essentially aimed at less supported rural area and those excluded from modernization processes. The resulting development model is self-centered and at the same time conservative as it tries to preserve the local elements on which it is based (Sortino et al., 2008), and is characterized by the use and reproduction of experiences and knowledge developed locally to convert the local resources in fine quality agro-food products. It is a locally determined development that respects and protects local values. Within this paradigm, typical products become a resource which is capable of giving value to the development of smaller areas because they manage to integrate and enhance the different territorial resources (Brunori and Rossi, 2000, Marsden et al., 2000), also corresponding to the consumption style changes of postmodern tourists.

Starting from the 1950s, it was considered essential to focus on the reconstruction of the country from an industrial point of view. As a matter of fact, during the Golden Age, between 1950 and 1960, Italy received economic aid from the Marshall Plan, amounting to 13 billion dollars, which allowed the country to develop its industrial sector.

As far as the social aspect is concerned, there was a strong migration from the countryside to the cities which lead to industrial development in the northern cities.

In broad terms, it is possible to identify the following stages in the evolution of the food sector:

- an original phase where food production and consumption occurred exclusively on a local basis;
- a phase of commercial opening characterized by the progressive increase in the exchange of basic goods at a still limited territorial level (the medieval and subsequent markets) and, subsequently, by the opening of international trade with regard to special goods (spices and similar) starting from the development of a huge maritime traffic in the sixteenth century;
- a pre-industrialization phase of the agri-food sector, which sees the progressive territorial specialization of the food production and consumption phases, in connection with urban concentration and the greater production specialization connected to the first stages of the industrial revolution starting from the eighteenth century. This is the phase in which the food distribution sector, in its pre-modern form, was born, thanks to the contribution of the progressive development of transport;
- a phase of trade expansion on a mainly regional basis which responds to the establishment of the modern structure of the city-countryside relationship and to the needs of division of labor and social and economic organization required by the industrial development phase of western economies;
- a modernization phase (Italian Legislative Decree 12/05/2011) implies a particular organization of the activities within the farm, with the increasing introduction of capital-intensive type technological innovations and with the development of the industrial activities linked to the agricultural activities (sectors providing inputs and processing and marketing of agricultural products). The need to “modernize” agriculture stems from the requirement to incorporate the principles of industrialization within the agricultural production processes and the organizational methods of farms, which was primarily based on the adoption of technical and typical “industrial” organizational methods of mass production, and on the strengthening of the industrial sector, the only one capable of driving the growth of economic systems and, towards such direction, inducing well-being in the population;
- a phase of tertiarization and internationalization (Boccia F. 2009) in which the structure of the sector takes the shape of an oligopoly, with few large industrial companies and large distribution chains, and lot of small producers and distributors. The larger companies expand their sphere of activity well beyond national borders. The competitive environment is characterized by the leadership of large industrial companies which, with their own brand capital, hold a strong bargaining power towards final consumers.
  Brand policies are at the center of marketing strategies and the control of the supply chain is undoubtedly carried out by companies that own the big national brands. The demand begins to record some profound changes that lead towards a subsequent development phase. As a matter of fact, the demand for food consumption begins to be increasingly addressed to the "quality" aspects of food, while the demand for meals eaten outside the home is growing rapidly (therefore concerning the food-service sector) and the habit of making purchases at large shopping centers;
- the current transition phase characterized by the coexistence of contradictory phenomena: the globalization of

consumption and the defense of typical products; the search for low cost and differentiation; the concentration of large-scale distribution and e-commerce; the extreme industrialization of the agricultural sector (with chemistry supported by biotechnology) and the development of agriculture.

According to the data provided by the census that was carried out in Italy in 2011, in Sicily there are 6,523 agri-food industries and most of them are industries that produce bakery products and starchy foods (4,658). In addition to these, in order of numerousness, there are the companies that deal with the production of vegetable and animal oils and fats (469), industries dealing with fruit and vegetable processing and preservation (248), dairy industries (214) and those involved in the production of pasta, couscous and similar starchy foods (207).

The Sicilian agri-food system is currently underdeveloped from an industrial point of view, as Sicilian entrepreneurs do not make use of innovative systems, especially advanced industrial and technological systems, and companies are small in size, turnover and number of workers. However, most agro-industries are based on the island. If we compare the number of Sicilian agri-food industries with southern Italy and the regions of southern Italy (Table 1), we can see that the number of industries on the island is rather high, actually higher than in Campania (5,600), Calabria (2,583) and Puglia (4,590).

Most of the Sicilian agro-industries (4,658) deal with the production of bakery products and starch foods; this type of industry is likewise developed in the South (9,529), especially in Campania (3,317) and Puglia (2,832).

Compared to the regions taken into account, Sicily predominates with its agro-industries which with the processing and

Industries	South	Campania	Puglia	Calabria	Sicily
Food industries	16037	5600	4590	2583	6523
Processing and preservation of meat and production of meat-based products	629	252	61	106	ninety two
Processing and preservation of fish, crustaceans and molluscs	125	40	28	35	104
Other processing and preservation of fruit and vegetables	821	378	211	158	248
Production of oil and vegetable and animal fats	760	365	200	132	213
Dairy industry	1999	330	660	521	469
Ice cream production	1431	654	419	137	214
Processing of grains, production of starches and starchy products	64	20	20	12	29
Production of bakery and starchy products	245	70	64	41	142
Production of rusks and biscuits, production of preserved pastry	9259	3317	2832	14 22	4658
Production of pasta, couscous and similar starch products	481	137	179	65	194
Production of other food products	1305	442	335	144	207
Production of cocoa, chocolate, candy and confectionery	1206	544	303	155	537
Processing of tea and coffee	241	141	32	31	57
Production of condiments and spices	242	102	71	32	106
Production of meals e prepared dishes	46	17	8	12	13
Production of homogenized preparations and dietetic foods	16	3	10	0	4
Production of other nca food products	450	191	124	36	211

Table 1. Comparison of the number of Agri-Food Industries between Southern Italy and Sicily
Source: our ISTAT 2011 census data processing

preservation of fish, crustaceans and molluscs. As a matter of fact, 104 industries are located in Sicily, 40 in Campania, 35 in Calabria and 28 in Puglia and with those industries that process grain, they produce starches and starchies (142 industries in Sicily and 245 in all southern regions).

As for the agri-food industries, which are fewer in Sicily compared to other southern regions, the industries that process and preserve meat and produce meat-based products are the one which stand out.

Another type of agri-food industry, although little developed in Sicily, is the one which produces cocoa, chocolate, candies and *confetti*. As a matter of fact, on the island there are 57 industries compared to the 141 in Campania.

Furthermore, throughout the South of Italy, compared to the other regions of the country, there are very few companies which produce condiments, spices, homogenized prepared products and dietetic foods. This is a niche market which, if conveniently developed with innovative products, could offer a strong opportunity for the development of the Sicilian agri-food sector.

Another aspect which needs to be highlighted concerns the industrial districts.

Here are the districts in Sicily: the Ceramic District of Santo Stefano di Camastra, the Ceramics District of Caltagirone, the Textile District of Eastern Sicily, the Sicilian Mechanics District.

However, the most important Sicilian agri-food districts (Research carried out by Intesa San Paolo) are:

- Fruit and Vegetables of Catania with 67 companies;
- Pomodoro di Pachino with 97 companies;
- Wines and liqueurs of western Sicily (territories of Trapani, Agrigento and Palermo) with 62 companies.

Therefore, it is necessary to make an attempt to develop these districts and to create some other new ones, relying on technological progress, labor division models, the creation of new production facilities, labor productivity, IT innovations and, above all, on the revaluation of the territory (tradition, authenticity, local production), focusing on the exaltation and quality of the products and production processes (shelf life, packaging, ease of use), by performing more controls and certifications on the best products (PDP, PGI, TSG referring to agriculture and food industry and DOC, DOCG, ICGT for the beverage industry and in particular for wines).

In a perspective of economic analysis of the Sicilian agri-food sector, it is possible to highlight the strengths, weaknesses, opportunities and threats.

The main strengths are:

- High quality standards with particular reference to organic and integrated productions;
- Presence of traditional high quality products and productions with DOP, DOC, IGT classifications;
- Presence of autochthon species and crops subject to productive redevelopment;
- Potential orientation to the export of Sicilian products which are recognized by worldwide consumers as an expression of the “made in Italy” food.

As far as the numerous weaknesses are concerned, the following can be listed:

- High corporate fragmentation and pulverization with a high incidence of small companies;
- Poor differentiation of the finished product;
- Presence sometimes of obsolete plants;
- Poor organization of the product offer;
- High production costs;
- High transport costs due to the peripheral position of the island and to the lack of the regional railway system and road network;
- Insufficient relevance of transformation activity;
- Shortage of irrigation systems;
- Poor orientation to the market.

In the light of the above, the following Opportunities clearly emerge:

- Adequate Community and national regulations governing

production activities;
- ❑ Availability of Community, national and regional financial resources;
- ❑ Consumer attention to quality;
- ❑ Increased demand in the emerging markets;
- ❑ Use of brands for fresh and processed products;
- ❑ Improvement of quality control procedures;
- ❑ Administrative decentralization.

However, the threats that emerge from such analysis are:
- ❑ Increased pressure from international competition from EU countries (Spain) and Third countries (Mediterranean basin);
- ❑ Imports of non-standard products;
- ❑ Loss of market share following the failure to adapt to technological innovations and new marketing logics;
- ❑ High presence, in the consumer market, of low quality and low cost products.

An agri-food product is strictly tied to its territory, culture and tradition. A very important aspect, which characterizes the success of the Made in Italy brand, is the quality of the product, attested through protection mechanisms, whose main objective is based on attention to consumers' health, thus constituting a kind of food safety with a strong identity which can only be offered by the Italian territory.

Companies, therefore, should safeguard the quality of the product by adapting themselves to the consumers' needs, and by revitalizing their business and consolidating their competitive position.

As for the element linked to tradition, a re-evaluation of the originality of the product should be carried out. Sicily, through its history and traditions, which are strongly linked to the territory, to the development of "know how", thanks to its excellent and sunny climate throughout the entire year, is able to produce genuine and natural agricultural raw materials, essential for characterizing a high quality agro-food system. This is where the Born in Sicily brand was created and where it stands out.

Protecting the autochthon genetic resources of agricultural, forestry and zootechnical interest of the regional territory for which there are interests from an economic, scientific, environmental and cultural point of view is the aim of the law approved on November 18th 2013, n. 19 "Protection and enhancement of 'Born in Sicily' genetic resources for agriculture and food".

Born in Sicily agricultural products are divided into Designation of Origin (DOP and PGI) products, slow food products (Table 2), organic farming, integrated farming. Sicily's agri-food products, increasingly in demand in Italian and foreign markets, develop a growth in food and wine tourism by spreading, at the same time, the production of local products, many of which have no difficulty becoming part of the selective Slow Food circuit.

Slow Food Products	**Territory**
Ape nera sicula	The entire region
Aglio rosso di Nubìa	Paceco, Trapani, Erice, Marsala and Salemi
Asino ragusano	Ragusa and regional diffusion
Capra girgetana	The entire region
Cappero di Salina	Isola di Salina (ME)
Cipolla Giarratana	Giarratana (RG)
Cuddrireddа di Delia	Delia (CL)
Fagiolo Badda	Polizzi Generosa (PA)
Fava Larga di Leonforte	Leonforte, Enna, Calascibetta (EN)
Lenticchia di Ustica	Isola di Ustica (PA)
Limone interdonato	Costa da Messina a Letojanni (ME)
Maiorchino	Messina area
Mandarino tardivo di Ciaculli	Palermo
Mandorle di Noto	Noto, Avola, Rosolini, Canicattì Bagni
Manna delle Madonie	Castelbuono and Pollina (PA)
Masculina di magghia	Gulf of Catania
Melone Purceddu d'Alcamo	Alcamo (TP), Camporeale, Roccamena, San Giuseppe Iato (PA)
Oliva minuta	Messina area
Pane Nero di Castelvetrano	Castelvetrano (TP)
Pane tradizionale di Lentini	Lentini and Carletini (SR)
Pesche tardive di Leonforte	Leonforte, Assoro, Nissoria, Enna, Calascibetta (EN)
Pistacchio di Bronte	Bronte (CT)
Provola dei Nebrodi	Nebrodi area
Provola delle Madonie	Massiccio delle Madonie
Sale marino artigianale	Marsala, Paceco and Trapani
Suino nero dei Nebrodi	Nebrodi area
Susine bianche di Monreale	Monreale (PA)
Vastedda del Belice	Valle del Belice

Table 2. Slow Food products per territory

Among the products recognized by Slow Food districts are the typical high quality products marked with the DOC (Controlled Designation of Origin), PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication) brands, which contribute to demonstrate and certify the excellence of the Born in Sicily brand.

Among the regions of the southern area, it is shown that Sicily has a recognition for 28 PDO and PGI products, higher than the Campania Region which confirms its 22, followed by Puglia (16) and Calabria (15).

If we compare the number of PDO and PGI agro-food products present in Sicily, in the South and in Italy (Figure 1), it can be seen that Sicily has a decisive role in marking the total excellence of Italian agri-food production.

The total number of PDO and PGI products of Sicily is 28 over the 81 which are present in the south, over the 259 certified products in Italy.

Specifically, the largest number is made up of the PDO products available on the island, that is 17, which are 52 in the south and 158 around Italy. Instead, there are 11 PGI products in Sicily, 29 in the South and 101 in Italy.

These data show that the certified products of the south represent about half of them at national level and that Sicily is the region of the south of Italy that contributes most to increase the quality of the Made in Italy brand.

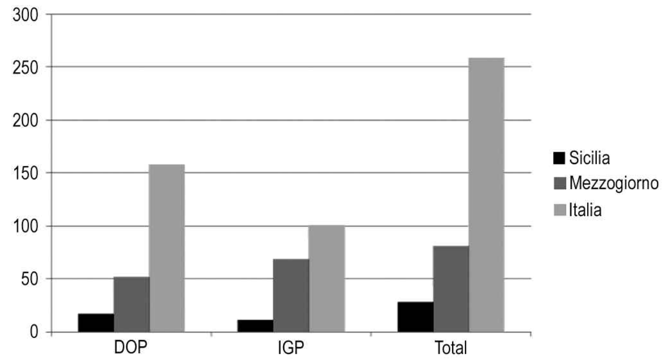

Figure 1. Comparisons of PDO and PGI products between Sicily, Southern Italy and Italy
Source: Our reworked version on company data

3. Materials and methods

After having highlighted the structural aspects of the company, the major factors which determine the success of a confectionery company that initially managed to conquer, through its *panettone*, a typical sweet of Milan, the palates of Italian and then those of consumers living in many other countries, practically in every continent and latitude. A careful analysis is addressed to the Company's business, to the major competitors and to foreign relations.

In order for a confectionery product to be better sold and appreciated within the agri-food chain, it must firstly be made of high quality raw materials and, above all, be packaged so as to have a good impact on the market (Sodano 2010)

Following the wine industry, considered the "pearl" of the Italian agri-food industry on foreign markets, confectionery products constitute one of the spearheads of the Made in Italy brand, where thanks to the excellence of the best products of the confectionery industry, a greater enhancement of the territory in which they are produced could be created.

The south is the area of Italy where a greater agri-food production of sweets takes places, where Sicily has a decisive role both for the production of high quality raw materials and for processing activities.

At the same time, dessert should be considered, both in Italy and in Sicily, as one of the products which is able to attract the interest of a growing number of tourists, drawn by the scent of culinary and food and wine traditions, together with the remarkable artistic and cultural beauty that Italy offers.

As for the bakery industry, the first important step required when making an excellent product is seeking for new raw materials and ingredients that bring out its taste. For this reason, the best entrepreneurs make use of suppliers of certified raw materials to be transformed, as their goal is to create products which are qualitatively better within the local, national and foreign market (Fantini 2009).

Nowadays, the confectionery industry represents a production sector which consumers cannot do without, although it is situated in a very competitive market.

For this reason, in order to obtain a succesful product, every single industry must focus on product innovation by adding particular and high quality raw materials, above all by creating a new product (Boccia, 2009).

The creation of a new product derived from the introduction of new processing methods and, in this regard, it is necessary to take into account the importance of the relationships characterized by the exchange of knowledge that takes place among the different entrepreneurs operating within the confectionery industry for the creation of the like product. Each entrepreneur will improve his product, created from the combination of imagination and taste, through the use of different ingredients, mainly using local raw materials (Istat 2012).

The production system of the company is typical of a process industry. The product is made through the chemical and physical transformations of the raw material and, therefore, it can no longer be broken down into its primary components. The production flow is constant and obligatory during working months.

The crucial point for the company is the search for high quality products and in order to meet this need we start from the selection of raw materials. The use of typical Sicilian raw materials, such as Bronte pistachio, Polizzi Generosa hazelnuts, Avola almonds, Castelbuono *manna*.

In addition, an element which shall not be overlooked, at the basis of the new products is the strong push to experiment combinations which are often improbable. The most significant example is certainly *Oro Rosso*, a panettone made with late red PGI radicchio from Treviso which was officially presented in Verona in 2008, at the largest showcase of gastronomy of excellence, such as Vinatily and at the 14th International Food Exhibition in Parma.

Finally, a financial analysis is carried out, which can be defined as dynamic since financial statements of a historical series of the company have been compared. The aim of this analysis is to measure the level of affordability, solvency, efficiency and effectiveness of the company since these principles are at the basis of a general condition for the company's success.

The principle of affordability can be traced back to the attitude of management to remunerate all the costs of the production factors acquired through revenues, with the evidence of a positive difference; that is, it can still be seen as an expression of the positive change that the capital, taken into consideration at the beginning of a period, undergoes as a result of the management carried out in the period.

The principle of solvency is based on the company's ability to meet short-term financial needs promptly and economically with liquid or liquidable assets at close deadlines, precisely in compliance with the aforementioned principle of solvency. The search for financial stability becomes a predominant aspect as the company must be in financial break-even at all times of its duration.

The analysis leads to the assertion that the company, in addition to enjoying a thriving structure from an economic point of view, has a strong solvency and financial stability.

4. Results and discussions

In the delicate Sicilian economic situation, manifested through a very difficult economic environment, stands a Sicilian company which has conquered several market shares. A competitive company and leader in its field whereas the confectionery market in Italy is very special because it is distinguished by a curious increase in supply as the demand decreases. The high seasonality, with 95% of the sales concentrated between October and January, together with the promotional intensity are the peculiar features of the market.

The link with tradition and the desire to use only the most genuine products of the Sicilian tradition have allowed the company not to succumb to the flattery of large-scale industrial production and to work as a company that always operates in the name of quality. Panettone and Colombe, but also the torrone, jams and the liqueurs produced later travel around the planet thanks to a reputation gained throughout the years.

The secret of quality lies at the basis of the company and it is that starter which for seventy-five years has been renewed every day by hand and jealously guarded.

The products of the Sicilian company can be purchased in addition to all European countries, including in North America, Japan and Austria.

The production of panettone, in the early years, was carried out at the original 40 sqm facility where 1600 kg of panettone were made each day; the growing demand called for an adequate production facility. In 2000, the production was transferred to a 4800sqm facility where the phases aimed at product realization, administrative activities, storage of raw materials and finished products were carried out. With the entry into operation of this new production facility, the foundations for the continuous success of the company were laid.

The functions in which the organizational structure is divided are: production, the commercial and administrative area and the management of local shops. There are no hierarchies, staff is an integral and active organization. Each staff member must carry out its own duty, but at the same time he/she must always be ready to help out with any colleagues' workload, in full respect of the team work logic.

The organization of the work is linked to the seasonality of the production, together with administrative staff and some workers and warehouse workers who are hired with permanent contracts. There are numerous employees, both men and women, who are hired with fixed-term contracts based on production needs (Figure 2).

The company's core business is the production of leavened bakery products and therefore, in conjunction with the holidays, staff is temporarily hired.

Within the company, raw materials arrive directly at the facility from various suppliers located throughout the country, although typical Sicilian raw materials are mostly used, (Bronte pistachio, Polizzi Generosa hazelnuts, Avola almonds, Castelbuono *manna*) that allow to differentiate the product from that of competitors.

The company has managed to establish stable relationships with the same suppliers, which have lasted for 10 years now. It has around 3,000 customers and a turnover of over one million

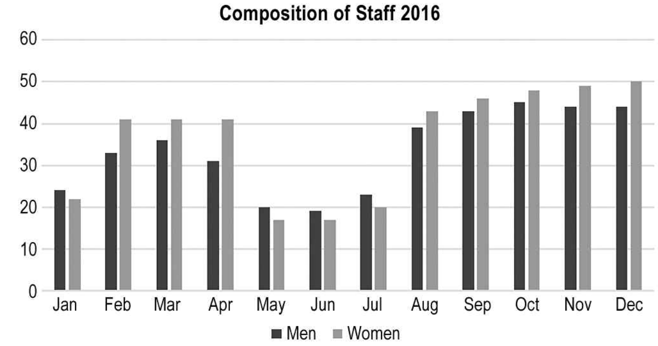

Figure 2. Company composition of staff
Source: Our reworked version on company data

euros. The greatest weight in terms of sales, but also of negotiating power, is to be attributed to large commercial customers who act as intermediaries between the company and the export market.

In relation to intermediary customers, three categories can be distinguished: small customers located in Sicily; small customers in Italy; small customers abroad.

Supply requests are implemented through the use of 40 agents and 8 dealers located almost all over the territory. The agents only deal with proposing the products and issuing orders,

generally in one or more provinces of their own area, in exchange for a percentage on sales; the shipment of the goods to the individual dealers is handled directly by the company through an external courier. In the case of small customers in Sicily, supply request takes place by receipt either by fax or e-mail. Distribution is done through small company-owned means.

The main competitors of the company are two businesses from Emilia-Romagna that produce panettone and colombe which are sold through a network of 100 agents.

The presence of competitors in the sector in which the company from Madonia is positioned and the estabishment of other small companies that manufacture good quality products at a much higher price than that of the brands of the large-scale retail trade is symptomatic of a trend that has existed in recent years: despite the general economic crisis that discourages household consumption and sales prices, the market requires high quality products. This trend is shown by the drop in sales of large-scale PDO panettone although sales prices are equal to a tenth of the prices of "artisan" products.

The company from Madonia is an example of the Sicilian confectionery industry, belonging to the agri-food sector which has managed to conquer international markets thanks to its panettone.

35% of its annual turnover is represented by the marketing of its products abroad, and especially panettone, in foreign countries it is not seen as a recurring dessert, so it is consumed any day of the year.

Today it is possible to find the company's products in America, Australia, Brazil, Canada, New Zealand, Russia and the EU (Austria, Belgium, France, Germany, Great Britain, Malta, Holland, Spain, Switzerland, Vatican) with a growth in the annual turnover of around 10%.

From an international point of view, the company has created a specific training, making use of the presence of highly experienced consultants, with important investments in marketing. Thanks to their ambition and tenacity, company managers have a strong determination to invest in the future of the island and country, without expressing their intention to relocate production abroad.

It actually aims to increase commercial agreements in order to build a store inside a mall in Qatar and expand marketing channels to every part of the world, such as the extension to the entire Australian continent and new commercial relations with Russia and Japan.

Despite the ambition to expand their markets beyond the Italian border, the company shows a strong attachment to Sicily and, in this regard, it is trying to plant some vineyards in the Trapani to produce the Australian grapes, ideal for panettone and therefore to avoid importing them.

The company exports to many European countries and to other areas around the world, in 2014 there were 18 states in which the company managed to export its product (Figure 3).

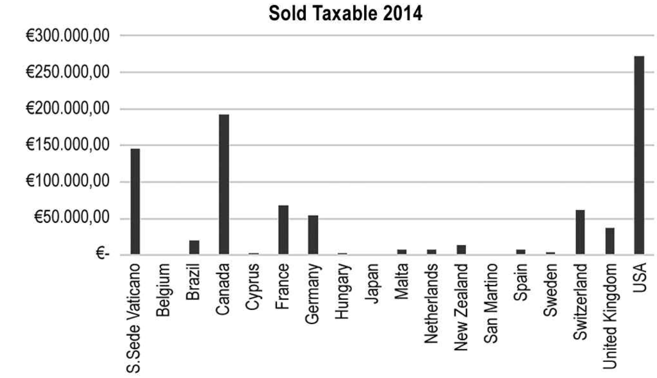

Figure 3. Sold – 2014 taxable
Source: Our reworked version on company data

In 2015 there was an expansion of the company confirmed by a greater export and by the entry of some other destination countries. Specifically, in that year the product was exported to new countries such as: Hong Kong, Australia, Greece, Lithuania, Luxembourg, Polonia and Romania for a total annual amount of € 8.276,552,05 (Figure 4).

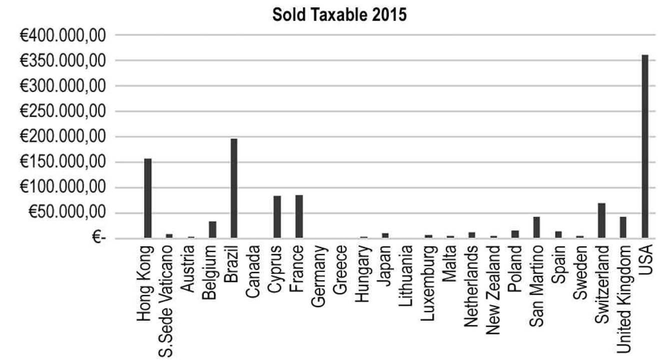

Figure 4. Sold – 2015 taxable
Source: Our reworked version on company data

In 2016 there is a further increase in sales, the total of which amounts to € 9,876,706.09, approximately € 1,500,000.00 more than 20115. A Member already mentioned plus Australia, the Czech Republic and the Russian Federation (Figure 5).

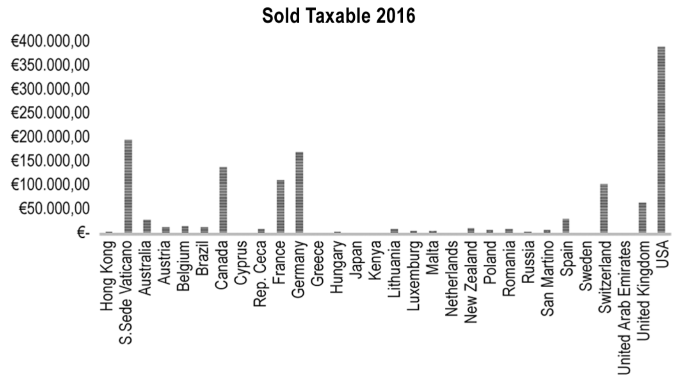

Figure 5. Sold – 2016 taxable
Source: Our reworked version on company data

Finally in 2017 we experienced a further increase in exports reaching a total of € 11.677,378,99.

This was due both to an increase in exports in the countries in which the company already had commercial relations and to the introduction of new countries such as Denmark, India, Peru and Slovenia.

Specifically, exports are relevant for Canada, Switzerland, England and Germany (Figure 6).

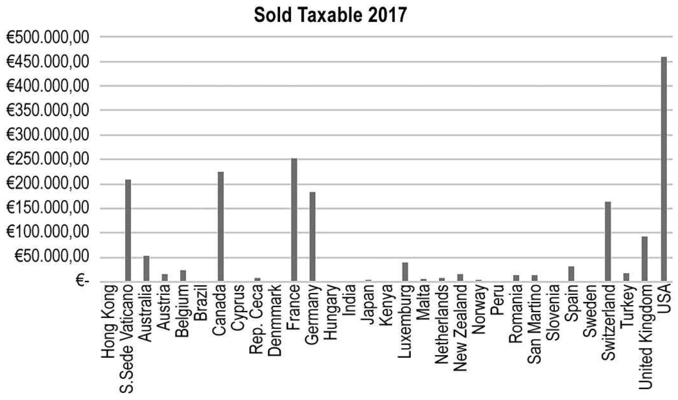

Figure 6. Sold – taxable 2017
Source: Our reworked version on company data

Following a careful analysis on foreign exportation, also the Italian situation was observed and from the extracted data it was possible to understand how Italy influences the success of this company.

Figure 7 shows how the sales in Italy from 2014 to 2017 underwent a periodic increase starting with a sale of € 5.639.827,74 in 2014, € 7.134.170,36 in 2015, € 8.513.317,64 in 2016 and finally 9.804.645, 42 in 2017.

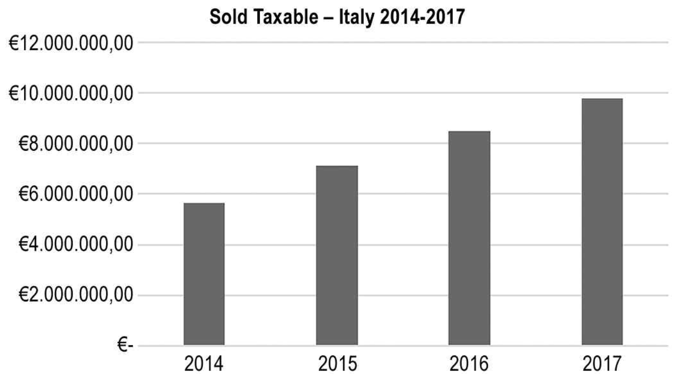

Figure 7. Sold taxable in Italy from 2014 to 2017
Source: Our reworked version on company data

By paying further attention to the Italian situation, we focus on a regional analysis. The goal is to verify which are the regions where the product is mostly sold.

Based on the data obtained and focusing on the year 2017, it can be deduced that the regions in which the company is most able to market are:

- Sicily (€ 4.360.628,09)
- Lazio (€ 1.079.035,65)
- Lombardy (€ 1.046.901,90)
- Veneto (€ 437.474,22)
- Campania (€ 161.878,36)

The corporate governance activity normally takes place with the aid of suitable cognitive tools. As a matter of fact, it is necessary to predict the results to which they can lead, to the coordination of the operations and to verify to what extent these results, for a given period of time, can be achieved; it is a matter of measuring, through specific indicators, the company's ability to achieve a certain affordability, solvency, efficiency and effectiveness.

Respect for such principles lays the foundations for a general success condition of the company system, considered in its unity, or the particular conditions of such success regarding specific management processes (Bubbio, 2000).

In its continuity and development policy, the company has managed to respect those cardinal principles of governance set out in the corporate doctrine.

In order to carry out the analysis of a balance sheet, there are a range of indices and methods. It is possible to perform a static analysis, which takes into consideration a specific financial statement, and a dynamic analysis, which compares the financial statements of several financial years. The analysis carried out here can be defined as dynamic since the financial statements of a historical series of the company have been compared (Caramiello et al., 1993)

Firstly, it is useful to compare the circulating capital and the short-term payables so as to express positive or negative judgments on the actual ability of the company to promptly meet the obligations undertaken. In order for the company to tend to consider itself solvent, it will have to have a working capital greater than or equal to short-term debt. The two values can be compared by providing a useful index in the comparisons among following financial statements of the same company, such index is called the availability index calculated the following way:

$$\textit{INDEX OF AVAILABILITY} = \frac{\textit{WORKING CAPITAL}}{\textit{SHORT - TERM DEBTS}}$$

With reference to the Agribusiness company we obtained the following results (Table 3).

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Index of Availability	1.409	1.081	1.033	0.974	1.273	0.755	0.96	0.89	1.025

Table 3. Results of Index of Availability

This index allows us to say that a company is solvent when the result is equal to or greater than the unit. The data in the table show a prevalence of working capital over short-term debt is shown, this determines a positive judgment on the solvency of the management.

Continuing the analysis on the solvency of the company, the treasury or acid test index is used, this index purifies the working capital of the less liquid components, reducing immediate liquidity and collectable credits. This test is carried out as follows:

$$\textit{ACID TEST} = \frac{\textit{IMMEDIATE CASH + SHORT - TERM CREDITS}}{\textit{SHORT - TERM DEBTS}}$$

The meaning of this index is to verify the company's aptitude for meeting short-term

financial investments with immediate liquidity only, without taking into account inventories. According to the data received by the company the following was obtained (table 4):

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Acid Test	1.362	1.02	0.928	0.888	1.165	0.82	0.834	0.907	1.80

Table 4. Results of Acid Test

Also from this analysis, the answer is positive, as the index over the years is greater than the unit. This shows the company's ability to meet its short-term financial commitments.

A further aspect of the company's financial situation, strictly connected to those of solvency and financial balance, is related to the so-called analysis of the capital structure (Cattaneo, 1979), and allows evaluating the degree of financial autonomy. Said index can be obtained as follows:

$$\textit{GRADE OF FINANCIAL AUTONOMY} = \frac{\textit{NET CAPITAL}}{\textit{TOTAL NET LIABILITIES}}$$

The data lead to the following index values (table 5):

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Grade of financial autonomy	0.0003	0.221	0.073	0.077	0.065	0.087	0.048	0.047	0.045

Table 5. Results of Grade of Financial Autonomy

If the index is equal to zero there is an absence of indebtedness, while if the index is between 0 and 0.5 there is a positive and favorable financial structure for development; between 0 and 0.8 there is a favorable financial structure but at the limit; between 0.8 and 2 there is a financial structure with imbalances to contain; an index greater than 2 means an unbalanced financial structure.

The analysis of the historic series shows that the company has an index between 0 and 0.5, this highlights the balance between the different sources of financing and therefore the solidity of the company towards third parties.

The analysis of the profitability of business management through the indices such as the R.O.E and ROI can be performed (Table 6).

ROE (Return On Equity) measures the percentage of recovery of equity through net income or, the measure of the return on the equity invested:

$$R.O.E. = \frac{NET\ INCOME}{NET\ CAPITAL} X\ 100$$

The ROI (Return On Investment) measures the speed with which net investments are recovered and takes into consideration the operating income, that is the result connected to management (Capaldo, 1998).

$$R.O.I. = \frac{OPERATING\ INCOME}{NET\ INVESTEMTS} X\ 100$$

Indexes of profitability	2008	2009	2010	2011	2012	2013	2014	2015	2016
R.O.E. [%]	337.8	31	55	66	163	37.20	47.85	38.3	32.2
R.O.I. [%]	36	35	37	32	52	45	9.6	10.8	13.1

Table 6. Results of Indexes of profitability (R.O.E and R.O.I.)

According to the indexes of profitability, relating to company data, it appears that both the global and operating net profitability are clearly positive.

We may then go on and examine the random determinants of the rate of return on the capital invested, breaking this down into its two components: the profitability of sales and the rotation of the capital invested.

The ROS (Return On Sales) profitability index is given by the ratio:

$$R.O.S. = \frac{OPERATING\ INCOME}{SALES} X\ 100$$

Such index expresses the remunerative capacity of the flow of the operating revenues of the company in question (Bubbio, 2000)

The turnover index of the RCI invested capital is expressed by the ratio:

$$R.C.I. = \frac{SALES}{NET\ INVESTEMTS} X\ 100$$

This index expresses the speed of the turnaround of the capital employed. From the calculation of company data we obtained (table 7):

Indexes of profitability	2008	2009	2010	2011	2012	2013	2014	2015	2016
R.O.S. [%]	12	10	9	7	11	6	9.93	10.73	12.22
R.C.I. [%]	295	355	418	471	467	742	96.65	100.96	107.47

Table 7. Results of Indexes of profitability (R.O.S. and R.C.I.)

ROS greater than zero shows that a part of the revenues is still available after covering all the costs related to the typical management; the RCI expresses in a very satisfactory way the renewal of the capital invested during the financial years through revenues.

Of course, this type of analysis is for individual companies taking into account all the peculiarities, specific situations and future prospects; nevertheless, the analysis carried out leads to firmly affirm that the company, in addition to enjoying a very prosperous structure from an economic point of view, has a strong solidity and financial stability.

The company has managed to create a successful economic system by focusing on the use of local raw materials and researching and making use of the best Sicilian aromas.

In this way, thanks to the variety of IGP products which can be found on the island, it was possible to adapt to the market, get to know consumer preferences, add new products to traditional products and create new products while trying to satisfy all palates.

The company brought the Born in Sicily brand around the world, making Sicilian agri-food products become popular.

Its economic success was achieved through the strategic commercial decisions. As a matter of fact, it displayed at the Manhattan exhibition, bringing its panettone overseas. From that moment the entrepreneur has managed to strengthen both the national and foreign customer network, creating relations with new distributors and creating commercial networks which allow you to increase the sale of your product.

The products stand out for the attention to detail, for the customization of their boxes and packaging, the labeling, the main visual communication tool used to catch the eye of the consumer and increase sales, as the image is another element that must be overrated within a competitive market made up of many imitations. The company is part of the district of the typical Sicilian dessert, and has participated in the construction of the Academy of Culinary Arts in Sicily.

The goal is to create a place where you can meet art and tradition, culture and cooking, where Sicilian kids can learn about the academic world of culinary arts with all its IGP products.

Another barrier which does not allow Sicilian entrepreneurs to succeed and forces them to remain enclosed in a local context is the fact that they do not team up, they do not create synergies, they do not cooperate, they do not make a system and all this leads to higher costs both for raw materials and industries and above all for human capital.

Therefore, this is the reason why companies are nowadays able to secure the cooperation of the best Sicilian food industries such as those involved in the production of pasteurized eggs in Ragusa, and have created relationships between producing farmers and transformers of manna in the Madonie territory.

This way, besides keeping the import costs of products low, they enchanced the Born in Sicily brand, and at the same time they offered employment and production safety to the food industries on which they make use of.

5. Conclusions

The agri-food system is made up of "all agricultural production activities, industrial transformation, distribution and consumption of food products". Thanks to a turnover of around 132 billion euros on a national level and about 33.4 million euros in the export market, the agri-food sector is the second largest sector in the manufacturing sector.

It developed thanks to the growth of the domestic demand: such development led to a qualitative evolution, due to the increase in the population and to social changes, as well as to the new lifestyles adopted by the Italians.

With the advent of globalization, the Italian agri-food sector has become increasingly integrated with foreign markets and open to the new needs of global consumers. Thanks to the presence of high quality products and to processing industries, it is able to constitute a Made in Italy brand made up of excellent products which are also renowned abroad.

The agri-food sector, in recent years, has led to a return to the land, to the re-evaluation of food resources and the "know-how" of numerous operators who have also seen the involvement of the younger generations. They understood the usefulness of local products and saw a future in the creation of innovative agro-industries which are capabl competing on national and international markets, enhancing local quality resources also for improving collective well-being.

In the Italian agri-food sector there is a strong presence of the food industries located in Southern Italy and among them are the agro-industries present in the Campania Region, followed by the Sicily Region.

In order to understand that this sector has become increasingly important in Sicily it is necessary to date back to the years following the economic and financial crisis (2008-2009). As a matter of fact, these Sicilian industries have increased and stand out worldwide for the excellence and high quality of Born in Sicily products.

As Sicily ranks second for the presence of agro-industrial companies, many young people should be encouraged to re-evaluate local products, protecting the Born in Sicily brand, and invest in the agro-food sector, precisely to increase employment on the island.

An encouragement to start up food industries in Sicily is given by the fact that, first of all, there is the presence of several high quality raw materials to be transformed and then, because tastes and habits that enhance values and products are spreading in many countries of the Mediterranean diet. Despite the period of the crisis, there was a propensity to consume high quality products, of guaranteed origin and also organic ones such as fish, fruit and vegetables, bread and cereals, reducing the consumption of oils and fats.

And it is precisely for these reasons that, in recent years, the most prudent Sicilian companies have started some significant internationalization processes, as they have realized that from a production and turnover point of view they have obtained positive results which, consequently, have impacted on employment growth.

From an international point of view, the confectionery sector has managed to conquer European countries such as Germany, France, the United Kingdom, Holland, but trade in the USA and Japan is also very important.

The levels reached in terms of turnover are due to the fact that in recent years the confectionery industry has managed to acquire an important role within the agri-food sector thanks to the creation of a finished product, or rather dessert, created with a selection of excellent Italian raw materials such as flour and other fine quality ingredients and among the main products exported are cocoa-based desserts, the production of biscuits and pastries and bakery products.

The success of the company, which was born as a family business, is due to the presence of specialized and qualified human resources in carrying out their work in production, logistics, distribution, packaging but also in the implementation of marketing strategies.

The company not only focuses on human capital, but also on product and industrial innovations, by creating relationships with international partners often met during trade fairs so as to increasingly intensify their exports.

It has a steadily growing turnover of 11 million euros or 35% of which is exported abroad.

The company's products can be found in America, Australia, Russia, Europe, and also at a mall in Dubai.

This company is considered a solid and interesting point of reference and for the Sicilian agro-industries that would like to implement internationalization processes, because it is only through the export of their products that success can be achieved.

In order to do so, you need to believe in your own skills, in the product you have created and you must participate by investing in human capital, in innovations and in cooperation with other companies.

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