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EuroMed Academy of Business**

The Future of Entrepreneurship

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The Future of Entrepreneurship

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FOREWORD

The Annual Conference of the EuroMed Academy of Business aims to provide a unique international forum to facilitate the exchange of cutting-edge information through multidisciplinary presentations on examining and building new theory and business models for success through management innovation.

It is acknowledged that the conference has established itself as one of the major conferences of its kind in the EuroMed region, in terms of size, quality of content, and standing of attendees. Many of the papers presented contribute significantly to the business knowledge base.

The conference attracts hundreds of leading scholars from leading universities and principal executives and politicians from all over the world with the participation or intervention of Presidents, Prime Ministers, Ministers, Company CEOs, Presidents of Chambers, and other leading figures.

This year the conference attracted over 260 people from over 68 countries. Academics, practitioners, researchers and Doctoral students throughout the world submitted original papers for conference presentation and for publication in this Book. All papers and abstracts were double blind reviewed. The result of these efforts produced empirical, conceptual and methodological papers and abstracts involving all functional areas of business.

ACKNOWLEDGEMENT

Many people and organizations are responsible for the successful outcome of the 7th Annual Conference of the EuroMed Academy of Business.

Special thanks go to the Conference Chair Dr Rotem Shneor, the Conference Organising Committee and the University of Agder, in Norway, for accomplishing an excellent job.

It is acknowledged that a successful conference could not be possible without the special co-operation and care of the Track Chairs and Reviewers for reviewing the many papers that were submitted to this conference. Special thanks to the Session Chairs and Paper Discussants for taking the extra time to make this conference a real success.

The last but not the least important acknowledgment goes to all those who submitted and presented their work at the conference. Their valuable research has highly contributed to the continuous success of the conference.

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THE SUCCESS FACTORS OF A SICILIAN MARKET-ORIENTED WINE COOPERATIVE

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ABSTRACT

Wine cooperatives have a long tradition in Sicily, as well as in Italy and in Europe. The objective of this paper is to reconstruct the general framework of the Sicilian wine cooperatives that still account for nearly 80% of the regional wine grapes production. In this context we examine the productive, organizational and commercial strategies of a case study: Cantine Settesoli. Founded in Menfi (Western Sicily, Italy) in 1958 on the initiative of a group of wine grape-growers, the Cantine Settesoli has developed over the decades and now represents the major bottled wine cooperative in Sicily, whose 2,135 members own 5% of Sicilian vineyards. With its four wine-making plants, a volume of grapes processed in the last three-year financial period (2011-13) of more than 43,000 tons of grapes per year, an average annual turnover of €47.7 million, and a constant attention to environmental and social issues, Cantine Settesoli stands out as the protagonist in the wine scene, both national (especially with the brands Settesoli and Mandrarossa) and international (with the brand Inycon). It effectively implements traditional and innovative tools of productive, commercial and strategic management, thus representing a model of successful firm in a regional context of cooperatives generally pegged to productive and commercial strategies product-oriented.

Keywords: Wine cooperatives; Sicily; management; strategy; success; performance

INTRODUCTION

Wine cooperatives in Europe were established between the mid and late 1800s (Touzard et al., 2008; Pomarici, 2009) in order to cope with the economic difficulties of growers and also following the prevailing political ideology and sociological influences of the time (Touzard et al., 2008). These cooperatives are now continuing to be a vital economic resource, especially for growers with small vineyard plots. In 2010, in Sicily 40,629 wine-growing farms (equal to 10.4% of the national total), of which 41.4% had a wine growing area less than one hectare and 85.5% less than 5 hectares (Istat, 6th Agricultural census). The Sicilian companies when considered on an individual scale do not appear to have any opportunity to compete in the wine market, however when merged within a cooperative

business model, the results are substantially different, showing improved trading power in wine sale (Di Vita et al., 2013). As a result, wine cooperatives (thanks to public funds) are able to invest in technology, innovation and research, improve quality wine, promote new forms of packaging, reduce processing unit costs due to economies of scale (Copa-Cogeca, 2010). It must, however, be emphasized the growing presence of new country producers and exporters (Australia, United States, Chile, etc) - which in a very short time have shown efficient competitive capabilities in technical and economic terms (Ciasullo and Festa, 2013)-, the reform of wine Common Market Organisation (CMO) – targeted to reduce the productive potential of European Union (EU) countries and to guide the supply towards quality production (Pomarici, 2009)-, and in addition, the change in consumer's profile (MiPAAF, 2013; Lanfranchi et al., 2014), particularly in developed countries -linked to the economic development of society and the change of wine-consumption habits-, which have significantly influenced both the structure of the sector and the balance between demand and supply of EU wine production, making it extremely challenging for those companies that operate within it, including cooperatives.

This is the context that fits the economic and productive activity of the wine-growing farms in Sicily. Between 2010-2011, 626 Sicilian bottling companies (private and cooperative) were accounted for a total bottled volume of 193 million pieces (Torcivia, 2012a), most of which produced by private companies; in contrast, a significant share of the regional production of wine grapes is delivered directly to wine cooperatives, which for several years have gone through a process of downsizing also due to the prevailing strategy of producing and selling musts and bulk wines. However, if on the one hand the number of cooperatives within the wine industry in Sicily has decreased, revenues -at least for larger companies- is on the rise, as well as figures concerning bottled wine (in terms of both pieces and turnover), which still remain in the modest numbers' bracket (18.0%) in comparison to the overall supply of regional wine (Torcivia, 2012b).

Data presented by the Regional Department of Agriculture, Rural Development and Mediterranean Fisheries ranks Sicily first in the list of the Italian regions for overall land under wine grapes in 2013, accounting to 103,063 hectares. In the same year grape production amounted to 856,387 tons, while the overall wine production amounted to 6,150,007 hectolitres. In recent years, in face of a marked alternating production with downward trend, there has been a gradual decline in wine growing areas, due to their abandonment, characterized by low profitability, and to the implementation of the interventions provided by the wine CMO (Schimmenti et al., 2013), which led to an intense process of restructuring and conversion of vineyards in Sicily (Borsellino et al., 2012), resulting in quality improvement of wine-grapes which effectively allows to obtain excellent wines. This trend is confirmed in the Sicilian wine trade flows that, in the period 2000-2011 (Inea, 2013) have shown a significant contraction of exports in terms of quantity (-66.0%, due to the decrease in exports of bulk

wines and musts), meanwhile showing an opposite trend in terms of value (+5.7%), related to the increasing amount of bottled wines.

Within the regional wine industry, Cantine Settesoli, subject of this study, differs distinguishably from the other cooperatives, as it has been able to combine tradition and strong local rooting with the new trends that shape wine industry. The aforementioned is, in fact, now the largest wine cooperative in Sicily for bottled volumes (about 2/3 of the net sales revenue in 2013, of which approximately 62% of all overseas turnover), and has a primary place in the national and international wine market.

The objective of this paper is to illustrate the way in which a cooperative society, encompassing the entire value chain, made its productive, organizational, sales and marketing strategies, a point of strength for the commercial success, and a model of market-oriented firm in a regional association context generally characterised by production and commercial strategies product-oriented; the above statement encompasses a strong enough reason to investigate, after a brief introduction on wine cooperatives in Sicily, all stages of the supply chain and the economic and financial performances of this case study.

LITERATURE REVIEW

In the EU, over 60% of agricultural produce is marketed by cooperatives (Copa-Cogeca, 2010) that nowadays, like other businesses, are facing increasing competitive pressures and have to cope both with new market opportunities and with a greater diversification of consumers' needs and preferences. Cooperatives, unlike private firms, sustain a more conservative attitude revealing traditional preference for the low-cost focus strategy (Salavou and Sergaki, 2013) and facing greater difficulty in adopting market-oriented strategies (Bono et al., 2012). The above statement supports Hardesty (2005), who found that many agricultural cooperatives have chosen a cost-leadership strategy, producing as a *private label* supplier, but only few cooperatives have developed national brands, because of their structural characteristics. Traditional cooperative governance model, in fact, can partially affect development path and efficiency of the cooperatives (Bono et al., 2012) and also the implementation of a market-oriented strategy (Hardesty, 2005; Beverland, 2007; Bono et al., 2012; Couderc and Marchini, 2011). In order to gain competitive positions both within and outside Europe, cooperatives have to move towards more market orientation (Beverland, 2007), by formulating innovation strategies (Perlines et al., 2013), improving quality, distribution management, distribution channels and marketing conditions (Hardesty, 2005; Beverland, 2007), as well as productive efficiency. The current economic situation, with the entrance on the world productive scenario of new countries (Crescimanno and Galati, 2013) with a more aggressive marketing policy (Ciasullo and Festa, 2013) and new competition tools (brands, grape varieties and PGI products), has forced wine cooperatives

to adapt and respond to the new wine market competition arena (Coelho and Castillo-Girón, 2011) by increasing their size, seeking to establish strategic alliances, pursuing mergers with other cooperatives, rationalizing assets, improving the professionalism of their workforces, implementing innovative capital acquisition methods and formulating strategies to expand into multi-country markets (Pomarici, 2009; Perlina et al., 2013). Maietta and Sena (2008, 2010) analysed Italian wine firms and found that cooperatives are well-equipped to cope with increasing market competition and financial constraints. Bono et al. (2012) and Couderc and Marchini (2011) observed that wine cooperatives had successfully improved their competitive position through two main different strategies outlined below: structural costs (bottling plant, storage hall, marketing and sales efforts) saving and marketing large volumes of bulk tailored wine made for market leaders “*négociants*” and their private labels (“differentiated” B2B market), or the implementation of processing activities in order to shift their product range from bulk to bottled wine with their own brands (B2C market). More recently, Schamel and Santos Arteaga (2013) reveal that Alto Adige (Italy) wine cooperatives manage to organize their production decision in such a way to be able to compete -and even beat- with private wineries in terms of wine quality and reputation. Barros and Santos (2007) highlight that Portuguese wine cooperatives are allowed to be more efficient than their private counterparts thanks to different resources, scale economies and organizational structure.

The cooperative sector is pivotal within the Italian wine industry in terms of diffusion, numbers and strategic relevance, covering in some regions (Abruzzo, Sicily and Trentino-Alto Adige) over 65% of the regional wine grape production (Capitello and Agnoli, 2009); Sicily, Veneto and Emilia-Romagna represent on a whole around 60% of the overall national wine production from cooperatives (Pomarici, 2009). Cooperatives take also part in important consortium, as the Chianti Classico one, carrying out operations of purchasing, production and bottling (Gaeta and Corsinovi, 2013). Recent studies analyse and verify the health status of wine cooperative sector both at domestic level (Pomarici, 2009; MiPAAF, 2013; Ufficio Studi di Mediobanca, 2014;) and in some local contexts (Maietta and Sena, 2008, 2010; Capitello and Agnoli, 2009; Chinnici et al., 2011; Couderc and Marchini, 2011; Torcivia, 2012a, b; Schamel and Santos Arteaga, 2013). These studies outline a new Italian wine cooperation system, whose productive focus shifted to the production of valuable products (bottled or aging wines) that reach directly, even with effective branding policies, the final market, especially the international one, from which a growing wine demand is observed (in face to a significant and structural decline in domestic consumption).

SURVEY METHODOLOGY

In order to outline the framework of Sicilian wine cooperatives, in the absence of complete and comprehensive official data, we used records published in previous papers related to this theme (Torcivia, 2009, 2012b) and provided by the Regional Department as well as data collected directly from the web page of the Sistema Informativo Agricolo Nazionale (SIAN).

The investigation of the Cantine Settesoli carried out through direct interviews and a survey questionnaire used in previous researches (Schimmenti et al, 2011) and adapted to the wine sector. The questionnaire (organised into three sections, the first one relating to the general characteristics of firm, the second part relating to the analysis of the technical aspects of production and processing, and the third one concerning the commercial aspects as well as aspects involving the use of hardware and software's infrastructure), submitted to Settesoli managers on several stages due to the complexity of the cooperative activities, allowed the collection of data concerning production, processing and trading topics with reference to the financial years of 2011-2013 (each financial cycle opens on July 1st and ends on June 30th of the following year, therefore the data collected refer to the grape-harvests 2010-2012), and socio-structural and managerial aspects referred to the 2013 year, thereby reconstructing all the stages of supply chain. The study also provided the evaluation of the cooperative's performance by analysing its financial statements of the last three administrative-accounting years (2011-2013), made comparable by performing the reclassification of the Balance Sheet (based on financial criteria) and Income Statement (on the basis of value added), and the determination of the main financial ratios: profitability ratios (ROI, ROS, ROT and ROD), structural indicators of assets (the rate of the circulating assets and the rate of the fixed assets), of the liabilities (financial autonomy and debt ratios) and of balance sheet (equity-to-fixed-assets ratio, working capital and current ratio, and quick ratio). ROI, ROS and quick ratio were also compared with those ones obtained from other surveys on the regional and national wine sector (Ufficio Studi di Mediobanca, 2014; MiPAAF, 2013).

WINE COOPERATIVES IN SICILY

Wine cooperatives in Sicily were born in the '30s, but began to have relevance only in the early '70s, showing a substantial growth up to 2001, when 102 active cooperatives were recorded. In the following years, up until now, the sector has experienced a significant reduction in numbers, especially due to product management issues or to the phenomena of merging and acquisitions (Torcivia, 2012b).

In 2013, based on the SIAN data, the cooperatives which have regularly declared their wine production were 59, with a total of over 0.7 million tons of wine-grapes delivered, with a ratio of 82%

among the production of wine-grapes within the regional production; those deliveries have concerned in prevalence white grapes (0,5 million tons) as opposed to the black ones. The presence of wine cooperatives has always been more consistent in the province of Trapani (33 units in 2013) province has the regional leadership in terms of wine growing area, followed by the provinces of Palermo and Agrigento with a significantly lower number of cooperatives (respectively, 12 and 9). Moreover, according to the data collected from the SIAN web page in 2013, there were 19,471 wine-grape suppliers (both members of cooperatives that non-members) within such companies; in particular, there are only three cooperatives with over 1,000 suppliers: Cantine Colomba Bianca (1,836 units), Cantine Settesoli (1,691 units) and Cantine Ermes (1,045 units). When taking into consideration the vineyard area, only Cantine Settesoli and Cantine Colomba Bianca exceed, individually, the threshold of 4,000 hectares of vineyards, while within the processing aspect only four coops (Cantine Colomba Bianca, Cantine Ermes, Cantine Settesoli and Cantine Europa) processed more than 40,000 tons of grapes each.

RESULTS

Managerial, socio-structural and productive aspects

The organization of Cantine Settesoli is very complex and articulated. More specifically, the winery has established an organizational structure in which managerial responsibilities of the various business functions, broken down by sector technical management and distribution channel/destination market, are delegated to managerial roles with specific skills according to a pyramidal system of responsibility.

Founded in Menfi (in province of Agrigento, Western Sicily) in 1958 with the legal status of agricultural cooperative society, Cantine Settesoli's mission is to enhance the wine grape production of its members, and to protect and improve the conditions and activities of members operating within the local area. Its vineyards' areas, which extend for about 5,500 hectares, make it not only the largest vineyard in Sicily (covering around 5% of the regional wine growing area), but also a great source of employment for farmers and more generally for the local population as a result of the generated satellite activities. The members of the cooperative amount to 2,135 (of which 1,841 delivered their production in the 2012 harvest), mostly represented by farmers; at the same time the cooperative resorts to non-members wine-growers.

In 2013, the number of permanent employees accounted for 47 units (14 staff units more than in 2011), while seasonal workforce was employed for a total of 26,091 working days (1,184 days more than in 2011).

The four wine-making plants, together with bottling, packaging and storage of wines cover an area of 18,960 square metres, with the addition of squares, cars parking, roofed areas, etc. with an overall outer surface of 94,783 square metres.

In the “vineyard Settesoli” the most common method of grape growing is the simple spurred cordon, and the cultivation of both indigenous and non-indigenous grape varieties (black and white grape) can be found.

Processing and commercialisation

After the harvest (in recent years mechanised harvesting of white grapes during the night has been introduced) and the delivery of grapes to the cooperative, the process of winemaking begins in its different stages: crushing, fermentation and subsequent classification of each batch in order to create specific *cuvée*. The production cycle is completed by an automated line for bottling and packaging, with an effective capacity of about 9,500 pieces/hour (bottle, bag in box and tetra-brick). The data regarding the last 4 grape harvests show a remarkable production variability, with a minimum peak in 2011 (41,213 tons of processed grapes) and a maximum peak in 2013 (55,982 tons), mainly ascribable to climatic conditions (Table 1).

In the three grape harvests 2010-2012, there has been an increase in the average price paid per ton, due to the increase in sales prices both in Italy and abroad; the aforementioned confirms the validity of the company’s strategy to focus on wine quality and on the more lucrative markets.

Items	Grape harvest			
	2010	2011	2012	2013*
Grape processed (tons)	45,222	41,213	43,150	55,982
Grape harvest surface area (Ha)	5,317	5,377	5,430	5,479
Average price paid (€/ton)	3.8	4.6	4.7	n.a.

Table 1. *Table 1: Production and income data.*

* *The figure of the grape harvest 2013 will be recorded in the year 2014, it is not available in this survey.*

Cantine Settesoli focuses its commercial strategy on brand’s reputation, on the perceived value of the product and a complete line of products which has three brands of packaged wine -Settesoli, Mandrarossa and Inycon- covering all price and consumption ranges.

Inycon, available only on foreign market, has successfully been sold for over 10 years within the major grocery chains in the United Kingdom. The brand is also becoming popular within other markets such as Belgium, the Netherlands and Switzerland.

In Italy, however, the company has decided to focus solely on Settesoli and Mandrarossa lines. For the Settesoli label the company has created a national sales network to ensure a widespread presence across the country through large-scale retail channels (around 15). The brand, aimed at a target audience of consumers who ask for a good wine at an affordable price, includes three product lines: the line "Settesoli GD" (with a final price of 3.50 - 4.50 €/bottle), the line "Porta Palo" (2 €/bottle), and the line "Torre Solada (1.20 €/tetra-brick).

The "Mandrarossa" wines represent the top range: produced from a careful selection of grape varieties, are marketed towards a medium-high target (Ho.Re.Ca, etc.) market, with an average sales price of about 10 €/bottle.

Finally, in addition to the three aforementioned brands, part of wine is bottled and marketed with *private labels* of channel stores, whilst another part is sold in bulk quantities.

Most of the cooperative revenues (the average figure for the three years amounted to 47.7 million €/year) derives from the sale of packaged wine, followed at a considerable distance from the bulk one; the revenue generated by the sale of musts and other minor products is very low. Packaged wine is primarily marketed in the foreign market, while the bulk wine and the musts are addressed to the national market (Table 2).

The business strategies adopted by the company for bottled wines are closely linked to different markets and distribution channels: within the international market, business relationships are managed through a joint venture with a British partner, while in the national market the medium-term objective is to propose, especially in the large-scale retail channel, increasing volumes of product with excellent value for money. It is not, however, disregarded the sale of products at reasonable prices (tetra-brick) driven by specific demands of consumers with limited disposable income. The business strategy of the company provides, among other things, the launch of new products and packaging.

l	Financia Products	Italy				Foreign		Total	
		Sicily		Other regions		markets			
		€	%	€	%	€	%	€	%
	Bulk wine	1,739,099	13	10,167,040	76	1,471,545	11	13,377,684	100
2011	Packaged wine	5,114,015	18	3,125,232	11	20,171,950	71	28,411,197	100
	M.C./M.C.R.	42,898	3	1,301,227	91	85,795	6	1,429,920	100
2012	Bulk wine	1,223,763	8	11,625,753	76	2,447,527	16	15,297,043	100

	Packaged wine	6,530,009	21	4,353,339	14	20,211,931	65	31,095,279	100
	M.C./M.C.R.	43,439	3	1,288,685	89	115,837	8	1,447,961	100
	Bulk wine	1,178,320	10	10,133,554	86	471,328	4	11,783,202	100
2013	Packaged wine	7,522,478	24	4,388,112	14	19,433,068	62	31,343,658	100
	M.C./M.C.R.	48,661	4	1,021,883	84	145,983	12	1,216,527	100

Table 2. *Table 2. Sales in Italy and abroad of packaged and bulk wine and grape must.*

M.C./M.C.R.: Concentrated grape must/Rectified Concentrated Grape Must.

Informatisation and communication

The cooperative utilizes very innovative hardware and software tools for various activities, such as orders, sales and quality management, warehouse operations, payroll activities, contract management and marketing operations.

Cantine Settesoli has two websites (www.cantinesettesoli.it and www.mandarossa.it) providing a wide variety of information and services: wine shop, where consumers can buy products directly from the cellar. The Internet is also used to access banking services, to source new customers and suppliers, for on-line purchasing and for e-learning.

On each label of the Cantine Settesoli packaging there is a stamped identification code that allows to travel backwards through all stages of the supply chain. In addition, on Settesoli and Mandrarossa labels there is the QR Code that refers the consumer to an iPad app created by the cooperative and promoted for the first time at the 2013 Vinitaly.

The process of the Settesoli brand-building began some years ago with a strong marketing strategy promoted on national TV, on Sky Sports channels, on some of the press, the web, and through the marketing at both national and international wine fairs.

Throughout the year, Cantine Settesoli welcomes enthusiasts and professionals from all over the world for guided tours (in several languages) which start from the vineyard and continue and conclude in the cellar with a wine-tasting.

Research and development

The company, also with the collaboration of Regional bodies, has been actively involved in research and development, in order to keep up to date with new technological means of production, wine quality improvements, sourcing of raw material and embrace a sustainable method of packaging its products.

The cooperative has also embarked on a long research program aimed at broadening its ampelographic base and hence improve the quality of their wines; the results of such research are then transferred to all the members.

The company has recently developed a photovoltaic system with a total capacity of 537 kWp and a biomass plant that generates “clean” heat and power through the use of led lamps, and has also adopted fibreless wood paper for its packaging operations.

In 2003, the company has also successfully achieved the major goal to be able to fully trace and certify each stage of the production cycle; and currently it has a large number of quality certifications, some of which are explicitly required by the foreign market.

Finally, the company supports and embraces humanitarian programs.

Economic and financial performance

The economic and financial analysis of a cooperative operating in the agri-food system must encompass various factors that characterize these types of company, such as the limited equity capital, participation of members in the financing under various forms and the mutualistic aims pursued (MiPAAF, 2009). Transformation cooperatives tend to remunerate their members at a greater rate than the market prices; therefore, their income statements do not generally indicate profits, with a significant impact on the financial ratios.

As noted above, this study has taken into consideration the financial statements of Cantine Settesoli of the last three administrative-accounting years (2011-2013). The analysis carried out, with reference to the composition of the assets, shows a high prevalence of current assets, which stood stable at around 72-73%, mainly represented by trade and other receivables (consisting mostly in short-term loans to customers and members) and wine inventories, while fixed assets, principally composed of the tangible assets, are approximately 27-28% (Figure 1).

The examination of the company's liabilities shows an overall low level of capitalization (net equity) - that is distinctive among cooperative societies- and a significant use of borrowed capital -among which current liabilities have a clear and growing prevalence- that is offset by a gradual reduction in consolidated liabilities (consisting mostly in self-financing members, which amounted last year to just over €9 million, and in medium-long term liabilities).

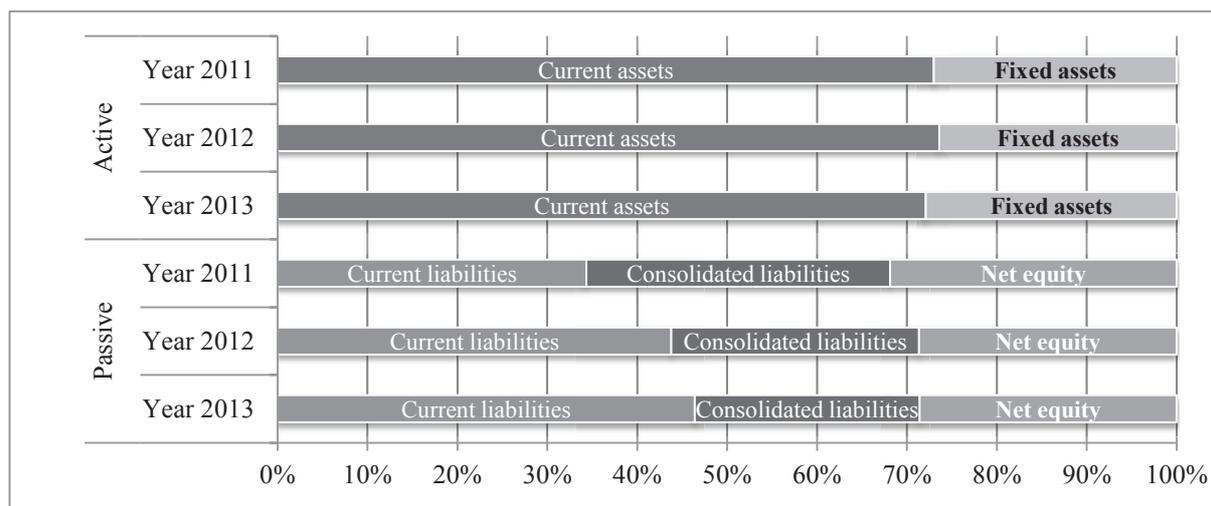


Figure 1. Evolution of the equity structure in the triennium 2011-2013.

An examination of income statement highlights a significant proportion of raw material costs (varying between 69.5% and 72.4% in the three investigated years) and the breakeven reached at the end of the financial year, taking into account the distribution of profits to members.

The value added shows an increasing trend (from €6.8 million to €6.9 million) but fluctuates when considered in relative terms; a similar trend was noted for the gross operating margin. The operating income of Cantine Settesoli shows an increasing trend (reaching €511,588 in 2013). Financial charges show a negative trend due to increased exposure to the banking system (from -€608,109 to -€907,995). More specific information on the company's profitability may be obtained by reading the ROI, which has increased the given figures slightly by around 1% (Table 3). These values are lower than the average in the sample of 33 Italian cooperatives (3.0% in 2012) and in the sample of regional wine firms, coops and not (1.3% in 2012) as reported on the wine sector survey carried out by the Ufficio Studi di Mediobanca (2014).

Indices	Financial years		
	2011	2012	2013
ROI	1.01%	1.06%	1.24%
ROS	1.40%	1.47%	1.84%
ROT	0.72	0.72	0.68
ROD	1.21%	1.25%	1.49%
Leverage	3.14	3.49	3.50
Rate of the circulating assets (Elasticity)	73.0%	73.6%	72.1%
Rate of the fixed assets (Rigidity)	27.0%	26.4%	27.9%
Financial autonomy ratio	31.9%	28.7%	28.6%
Debt ratio	68.1%	71.3%	71.4%
Equity-to- fixed-assets ratio	1.18	1.09	1.02
Working capital	24,366,514	20,727,553	17,961,124
	€	€	€
Current ratio	2.13	1.68	1.55
Quick ratio	1.38	1.05	0.84

Table 3: Balance sheet ratios in the triennium 2011-2013.

From the analysis of ROS, its growth appears to be steady inclined, which signifies a positive sales policy accrued by the company, although the figures are still relatively low when compared with those ones collected by MiPAAF (2013), related to others medium-large wine cooperatives (2.4% in 2011). Within the three years, ROT figures show stable values, whilst low ROD values (albeit increasing) indicate the careful choices made by the cooperative in accepting external sources of finance. Finally, the leverage shows an increase in corporate debts.

Among the structural indicators, those relating to assets confirm the high degree of elasticity of the invested capital, which denotes the ability of the cooperative to adapt suitably to changing market conditions; whilst the composition of the liabilities highlights the lack of financial autonomy that may cause difficulties in accessing to credit, settlement of liabilities and development. Referring to balance sheet indicators, the equity-to-fixed-assets ratio assumes decreasing values but higher than 1, expressing a sustainable situation in terms of the strength of the company's assets. The assessment of cash equivalents by the cooperative was made through the determination of the working capital and the current ratio, which indicate, respectively in absolute and relative terms, a good availability of the firm even though in steady decrease. Within the analysis of the company's solvency, the quick ratio shows, in 2013, a situation in which short-term debt may be extinguished only by the return in liquid form of a part of inventories. The above is in line with data reported in the survey on the national wine cooperation carried out by the MiPAAF (2013).

DISCUSSION AND CONCLUSION

The winemaking industry has represented for many years a leading market within national and Sicilian agro-food sector, which continues to be object of investments. Within the same sector, wine cooperatives play an important role, especially in those regions, as the case of Sicily, where supply is fragmented. The Sicilian cooperatives in recent years have reported a numerical scaling, although a high number of product-oriented companies still concentrate most of the regional wine supply, without having been yet oriented towards the production specialization (in alternative to bottling) achievable, according to Couderc and Marchini (2011), through the production of bulk wine suitable to contract specifications aimed at satisfying market leaders as *négociants* and their private label (B2B differentiation strategy). Herein we analysed the activities of the supply chain implemented by the cooperative Cantine Settesoli, a very prominent wine-producing market-oriented company on both regional and national level, whose evolution has ensured an efficient management and beneficial outcomes for its members.

To keep up with the ever changing wine market, the cooperative Settesoli, which ranks first in terms of bottled wine within the Sicilian wine cooperatives, has the goal to increase the production of the

more profitable brands, although it still sells a significant amount of bulk wine. At the same time, the cooperative is aware of the various markets demands and the different consumers and therefore is inclined to continue with the production of more affordable wine products that can be used on a daily basis.

The cooperative carries out on-going research and development aimed at improving the quality of its produced wines, through the use of technical means and advanced technologies.

On an international level Cantine Settesoli has established a very prosperous joint venture with a British partner, and on a national level it has established trading affiliations with the large-scale retail channels (main distribution channel in Italy) -despite they have proven to be costly and lengthy with their payments (60-90 days)- and with the restoration, in which the most criticality concerns payment timing (in many cases over 120 days).

By investing about 3% of its turnover in marketing and promotion as well as having increased its sales in the domestic and international markets, Cantine Settesoli plays a pivotal role among the local community, also in terms of tourist attraction by promoting and participating to wine and gastronomic events. From a management point of view, these initiatives have greatly increased the complexity of the business and its programming and created the need for relevant managerial skills, but requiring at the same time the use of external financing due to the lack of financial autonomy, characteristic of agri-food cooperatives and in particular of wine cooperatives.

Cantine Settesoli successfully implements traditional and innovative management tools, and given its growth prospects, it can be viewed as a business model to be followed, as part of a cooperative Sicilian wine system that must face an increasingly competitive market. In this regard, future research could be directed towards the study of those Sicilian cooperatives still product-oriented but able to develop themselves towards a B2C market or to differentiate their B2B strategy through the offer of “differentiated” bulk wines.

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