

CASE STUDY

VIET: WHEN YOU 'FEEL WOOD' THEN YOUR BUSINESS IS GOOD. INTERVIEW WITH ETTORE VICHI ON THE CONTINUITY OF A FAMILY BUSINESS AND THE INNOVATIONS OF A YOUNG HEIR.

by *Elisabetta Zazzeroni*

1. Introduction

It is always crucial to determine whether a family business, that has been a sector leader worldwide, will continue to be successful when run by members of the same family to give the business a continuity. Viet, founded in 1953 by Ettore Vichi, was inherited by his 25 year-old grandson and namesake Ettore Vichi in 2004, 51 years later. It might have been written in young Ettore's DNA. Ettore was designated to take over his grandfather's business long before his grandfather's death, and the family business has continued to flourish since young Ettore introduced some innovative ideas.

2. The company and its products

Ettore Vichi is a 30 year-old young entrepreneur who owns and manages VIET, a company that sells woodworking machinery. Nowadays the business is based in Gradara and it employs 70 people. Viet started doing business in 1953, when it was founded by Ettore's grandfather who used to be a sales representative for a company selling woodworking machinery when he then decided to try to set up his own business, manufacturing machines used to polish wooden TV sets. Ettore Vichi senior's business was very successful since he travelled to Germany in 1956, soon after he had set up the business, to meet with some representatives of Grundig. He showed them his innovative machinery that could polish wooden TV sets, saving time and hours of labor and money. Manufacturers could speed up the polishing process at lower costs and in a shorter amount of time by replacing people with machines. Ettore senior was able to convince everyone that his machinery was not only helpful, but necessary to a company. He received

an order of 100 items. He did not have the time to manufacture all the 100 machines, but this very first order was very stimulating. He then had the great idea of developing woodworking machinery to produce two wooden TV cabinets at the same time. He specialized in wood sanding and wood calibrating machinery for all purposes, so that Viet could reach a bigger variety of manufacturers and customers.

Viet became the world leader in its sector in Italy and abroad in the 1970s, patenting all its products, and started to export its machinery to Germany first, then in France and Spain. The company's headquarters was originally located in Pesaro due to the rapid commercial and industrial development it was experiencing at that time. The business was started with two employees and then it hired more than a hundred who have been reduced over time due to the evolution of the industrialization and development of a tertiary sector which made it possible to downsize the company. Viet is not a plant with a series of assembly lines where all the machinery parts are manufactured, but a place where parts are assembled and where its customers, or potential customers, are invited to attend meetings, panels, and training sessions as well as have a look at the machinery they might want to buy and try out themselves. Production takes place in other plants that belong to Viet Spa which are also located in the area between Gradara and Pesaro. Viet offers its customers 36 different types of machinery with different segments; the machines bear different names S1, S2, S3 to make it easier for customers to identify the segment that suits their needs. These names for the machinery are a novelty for Viet thanks to Ettore Vichi junior who wants things to be simple and easy to understand and use. Under Ettore's grandfather's management, the machinery had been named after Ettore senior's female family members such as his two daughters, Valeria and Rita, and his own name, Hector. Other machinery was named Tris, Lac, Rham, Lama and Polis. Ettore junior is aware that this change might have taken away that familiarity people could feel calling machines by human names to imagine they were part of a family more than just pieces of steel. He is not excluding the possibility of a come back, but it all depends on how the customers react to this new idea because at Viet they want to be totally customer oriented under their new management.

Viet's woodworking machinery can be used with four different types of materials: wood, polystyrene, leather and cork. Every machine is customized for its specific purposes. That is why Viet has such a wide range of machines and segmented production. Each machine is tested with in-house materials before being sold and sent to Viet's customers. Customers are actually invited to come to the new headquarters in Gradara, to try the machinery for themselves. They can bring in all the future materials they will use to operate their custom designed machine. Various segments

Viet: when you 'feel wood' then your business is good. Interview with Ettore Vichi on the continuity of a family business and the innovations of a young heir.

are assembled in relation to the varied uses of the machinery in terms of materials and time. Some can be operated for only a few hours a day and others 24 hours a day 365 days a week constantly until closing time of the plant. All the machines in past have had the same grey color "soon to become white" assured Ettore junior "to make the sawdust that rests on the machines more visible for cleaning, and to give a brighter and newer look," adds Ettore. "The colour white will offer a more energetic effect." Ettore is sensitive to the design of his products. Visual effects contribute to the decision-making process. "We train our own engineers, who are responsible as for engines and circuits as well as for the machinery's design, so that they know from the beginning what we want and what to expect working for us."

Viet has specialized departments to assist its clients: Sales, Finance and Production; Research and Development, IT and Customer Service. The company's customers are located all over the world, in North, Central and South America; in Australia and New Zealand, in Africa; in Northern and Eastern Europe, in Asia as well as in Middle Eastern countries. "I have to admit that 75% of our business takes place abroad and 25% in Italy" says Ettore. "We do not have branches or subsidiaries in any foreign country in which we do business, but we do not need any, because we have been very successful so far. The staff and employees of Viet are all completely committed to paying attention to every customer's needs, whether they are from small businesses or big companies". What matters at Viet is customer satisfaction.

Viet offers a very strong customer care service in-house and on the spot, 24 hours a day and 365 days a year, both for old and new machinery. After-sales services cover all aspects that range from replacing parts to dealing with software and electrical problems, and when necessary, any suggestion about customers' production lines, to make them work at their best. This service is intended even for that machinery they do not manufacture any longer to guarantee its customers continuity over time. The company has some woodworking machinery engineers who work in the office and assist customers on the phone. There is also a team of engineers who work within the Italian territory and another made up of engineers who travel around the world. There is always staff present in Gradara when potential customers come in to view or test the machinery they have bought. The engineers also travel to the customer company location to assist when the machinery is operated for the first time to test or install it or to assist on other occasions whenever needed. At any time of the day, the engineers also provide information by telephone, when there is a problem that might easily be solved quickly without their presence. "It is a must to provide assistance even in the middle of the night," says Ettore. "We are dealing with

people who live and work overseas, and the time differences put us in a situation where assistance might be needed while the machinery is operating and not when it is off for the night. This also applies to holidays. Our engineers sometimes visit during national Italian holiday or take phone calls during their family gatherings, because festivities do not correspond from country to country. Viet is aware that production takes place at very different times and *reliability* is a key word in our business, particularly our customer care division. Viet's woodworking machinery engineers speak English fluently and some of them French, German and Spanish so that they can interact with Viet's foreign customers effectively. Staff engineers are also trained to deal with people of different cultures and backgrounds." Ettore is in touch with them on a daily basis, and they can always reach him if there is any issue they feel they need to discuss. Every worker is a part of the Viet family.

Viet's main competitors are companies that manufacture woodworking machinery of only one certain kind and offer just one product, but do not diversify the range of their products as Viet does. "We do not consider SCM and Biesse our competitors at all," says Ettore, "but only those companies that have been in this market for a long time and that manufacture wood sanding and calibrating machinery".

3. Innovations since Ettore took up his duties

Ettore Vichi junior was designated CEO, Chief Executive Officer, of Viet in his grandfather's will among four children and seven grandchildren.

"The reason why my grandfather made this choice relies on the fact that I grew up with him as a fifth son of his. We were very close and he might have felt this was the right thing to do," says Ettore. "I can't deny this caused disagreement and tension which then turned into arguments between my father and his two sisters and one brother. They even took legal action against me. Three of them used to work in the company's administrative offices during my grandfather's management, but he cleared out everyone in his will: I got the company and everyone else received money and real estate. He did not reserve any special treatment for anyone," says this young entrepreneur. Ettore felt a great responsibility when at the age of twenty-five, and a university student, earning a degree in Mechanical Engineering at the Politecnico in Milan, he realized he had been chosen to take up the family business. He decided to take some time off from school, transfer his credits to the Università Politecnica delle Marche in Ancona and study during the weekend when he had some time off from work. Ettore considers himself not only lucky, but very special. He is aware that he had

to learn a lot in a short amount of time and was blessed by the presence and help of his father, Stefano, who is actually the President of Viet. Stefano has always worked for the company and according to his son Ettore he is the best person to represent Viet when dealing with their foreign customers. Stefano, who is fifty-seven years old, speaks seven languages fluently. His communication skills are the foundation of any public relations Viet has established. Stefano began to travel with his father, Ettore senior, when he was young. He knows everything about Viet and plays a significant role in his son Ettore's business life as a father and as a mentor. At the beginning, when Ettore entered the company in his executive position, father and son had a few disagreements. Ettore decided to move on without his father being involved in the decision-making process and hired some external consultants. Stefano did not seem to share Ettore's innovative ideas about the company's new strategy and Ettore did not want these divergences to affect the business. Stefano remains President of Viet and his main role is taking part in trade fairs and any sort of meetings and gatherings with Viet's foreign clients. Ettore, his son, is the only one responsible for policy decisions and strategy, having overall responsibility for the running of the business.

One of the first things that Ettore desired was to change the names of the machinery to more modern technological designations. Ettore wanted clear symbology to avoid confusion for the engineers and customers when solving technical matters. He felt it would be simpler and best to catalog by numbers and letters, instead of by family names, as mentioned earlier. Viet produces thirty-six different types of machinery and to identify the segments is now much easier.

A second innovation that Ettore brought to the company is to eliminate the need for a Marketing Division. Viet did not use one in past, and the new management has no intention of setting one up. "We've always relied on an external consultancy firm which takes care of all aspects from communication to advertising. They are responsible for our marketing policy, brand, brochures and catalogs. We have an annual turnover of 14 million euros and 400 orders a year without a Marketing Department. We don't really need one at the moment," says Ettore. "The above mentioned firm is also the creator of our new headline (Viet, feel wood) the aim is to make people understand that Viet is the best woodworking machinery they could use and they can really feel the wood they need to work using our machinery."

Viet is always present at every trade fair around the world, they will be in Rimini in March, then in Pordenone, in Lyon and in Hannover in May. They never miss Hannover's or Milan's in trade fairs which takes place every two years. The company has a brand new website which Ettore real-

ly wanted under his management, because the old one was not informative enough. Most of their customers contact them online thanks to the great amount and detailed information they can find on their site which supplies pictures of the machinery and their components. People are also given the opportunity to look at the various and numerous parts of the single machinery if they log onto the online catalog. "It was a must to be competitive online and to fully satisfy potential customers with all sorts of questions and any curiosity they might engender. Our new website shows the new image the company has and desires to project. We wanted something definitely captivating," says Viet's new CEO. The company has noticed an increase in interest and sales since the new website has been up.

This young entrepreneur does not foresee the necessity to open branches abroad because he is confident that his in-house staff and all the people that offer after-sales service on the premises, combined with the online and on the phone help, can satisfy all customer requests and solve all problems. "Specialty / Sector magazines are becoming less popular and do not circulate as much as they used to. This is one more reason why we wanted a really interesting website. We do advertising through brochures as well and all our retailers have CDs and DVDs to show potential customers how the machinery works," says Ettore. New Viet wants to preserve what belongs to its tradition of manufacturing woodworking machinery, but is also ready to show a new communicative side, more dynamic and assertive at the same time.

Regarding novelty, it should be noted that what Ettore refers to as "the holiday package" means a great opportunity is given to dealers abroad to identify people interested in becoming Viet woodworking machinery engineers in their country of residence and receive in-house training in Gradara at the expense of the company. These people are invited to spend three to five days in Gradara at Viet's headquarters to learn to operate and repair the machinery. This strategy is an idea that Ettore developed to help his foreign customers save money whenever they need an engineer to visit and solve any sort of problems that arise. This can vary from changing machine drums to pushing the correct button on the electric cabinet.

Training sessions have already begun with forty Finnish people who will be returning in March to become familiar with additional machines and to demonstrate that they have learned how to operate the machinery and are able to provide the service requested by customers who need assistance. Viet started with a group of people from Finland, and will next have twenty-five people from Slovenia, and continue with others from various countries. The training program aims to give Viet's engineers less responsibility so that they will be required to travel only for special tests or machinery instalments. This policy has been implemented by Ettore to

Viet: when you 'feel wood' then your business is good. Interview with Ettore Vichi on the continuity of a family business and the innovations of a young heir.

supply the necessary after-sales service to all Viet customers and to save costs because expenses have an effect on both Viet and the customers budgets: Viet has to pay their engineers for every visit they offer to the customers and the customers pay Viet for the service requested.

The most tangible and visible change took place when a new building was erected to house company headquarters in Gradara rather than Pesaro in August 2008. "Gradara was almost a (must) as a place to relocate, and a way of going back to our traditions. My grandfather was born and raised in Gradara and we had a warehouse there. To me, it was like giving him a special tribute, a sort of an acknowledgment of all that he had built for his family and himself", says Ettore junior. Ettore wanted a prestigious environment to represent his company, a place created to embody his idea of renovation and change inside the company and its management. To host its customers and all the activities that go along with Viet's marketing policy such as training courses, meetings and panels, the company aimed at constructing a place of comfort for anyone who walked in, an environment of both ease and professionalism. "We are consummate professionals, not amateurs! I am doing my best every day with the available resources. We are definitely running to win. We want to be the specialists in this business sector with our products" says Ettore firmly. In June Viet's new showroom will be ready and giving the company a greater competitive edge.

Ettore's target is to satisfy his customers and their increasing needs. He is moving in the direction of making available high efficiency standards at any level, particularly in providing after-sales service of excellent quality. The concept of quality does not only apply to Viet's machinery, but to all that the company can offer and supply its customers.

4. In conclusion

President of the Board of Engineering Industry of the Provincia di Pesaro and Urbino, and Member of the Board of Young Entrepreneurs responsible for international relations, Ettore aims to continue Viet's success. He talks of his job as demanding and rewarding at the same time. It's a job that forces staff to face difficulties, but raises a lot of enthusiasm as well. "These past four years have been tough, but I believe that a business is successful only if the people working for it want to be successful. We are very customer oriented and we do not ignore a single detail. Viet is better than any other company in our line of business, because we want to be better than others. Everyone working at Viet is full of ambition and they're doing their best for the sake of the company" says Ettore. "Every aspect is addressed from logistics to service and technology. We are and we want to be quick,

but professional in assisting our customers". Ettore says that people buy Viet's machinery because it guarantees reliability and functionality, like the team of people working at Viet. As an international company, Viet wants to satisfy all its customers' needs and to adapt to local necessities. In some countries quality and precision are valued more than in others. The furniture business, beside being strong, is wide and not a niche market. Viet is required to keep an eye on the constant changes.

Innovation is a key word at Viet, and the new strategy is to regain that market share that was lost in the past few years. Viet will be launching new prototypes soon, new machinery that derives from sanding machinery and it stems from the idea to offer Viet's clients the necessary machinery to complete the sanding cycle. Tradition and innovation found the perfect mix at Viet. The company strives to be better than mere satisfactory level. Viet's new philosophy is an innovative management style that aims to exceed perfection.

Elisabetta Zazzeroni
Università degli Studi di Urbino "Carlo Bo"
elisabetta.zazzeroni@uniurb.it