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## How Small Italian Firms Married Style to Globalism

By **ROSAMARIA MANCINI**  
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PUTIGNANO, Italy -- For more than half a century, wedding-dress maker Giovanna Sbiroli SRL built its brand and customer base by serving the Italian market. But over the past decade, the company -- one of around 40 small wedding-dress makers in and around this remote hill town -- watched its share of the Italian market drop by 20% as Chinese imports and goods made in other low-cost countries flooded in.

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"Fewer orders were coming in, and we began to realize that we were losing our customers," says Gianpiero Lippolis, a principal in the firm. "If we didn't react and attack these markets, then we risked having to shut our doors," he says.

Today, Giovanna Sbiroli exports to 18 countries, and foreign sales account for 30% of its business. Though it employs only 50 seamstresses, down from 80 a decade ago, it has made up for its smaller workforce with new technology, and annual sales have remained steady at about \$7.3 million.

Giovanna Sbiroli's evolution is part of a broader transformation of the Italian economy, as its small, specialized and family-run makers of wares from women's stockings to wooden furniture have turned themselves into *globali tascabili* -- so-called pocket-size global firms that aggressively market their Italian craftsmanship and style. Once thought too small to survive in a global market, these companies have carved out niches around the world. According to the latest available figures, Italy's share of the global export market rose by 6.1% in the first half of 2007, compared with the same period a year earlier.

Talking about the small companies that are a backbone of the Italian economy,

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outgoing Prime Minister Romano Prodi said, "When I go to international trade meetings, [German Chancellor Angela] Merkel can bring a dozen corporate giants with her. I bring 500 scrappy kids."

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Putignano's wedding-dress makers were supposed to be globalization's first victims. Most of the factories make only a few thousand dresses a year, luxurious creations that sell for around €5,000 apiece (about \$7,300). The seamstresses who stitch garments by hand enjoy traditional Italian perks such as two-hour lunch breaks and four weeks of paid vacation, and earn competitive salaries.

But many of these companies have become globalization's unlikely winners, managing to expand their sales abroad as their share of the Italian market shrank. It has meant moving into new and sometimes uncomfortable territory. "It would have been ideal for us to stay here, where we speak the language, where we know the customs," says Mr. Lippolis of Giovanna Sbiroli. "For us, it didn't work out that way."

About a decade ago, with its Italian business dwindling, the company began aggressively seeking export opportunities. By the early 2000s, Mr. Lippolis, a Putignano native who holds a master's degree in business administration from the University of San Diego, had made inroads into new markets in Japan, Spain, Russia and Israel. About three years ago, he decided to travel to China, where increasing wealth is creating brisk demand for wedding dresses.

WSJ's Rosamaria Mancini visits the Giovanna Sbiroli design room in Southern Italy that specializes in hand-crafted wedding dresses. It's one of over 40 small companies in the region catering to foreign clientele.



Gianpiero Lippolis and a model showing a Giovanna Sbiroli dress in Shanghai

There, he visited wedding-dress retailers, checked out products and examined their quality. He learned that the Chinese like vibrant red dresses for weddings and richly ornamented fabrics. He returned to Putignano with pads full of notes and impressions of the market.

He enlisted a Shanghai marketing firm to help him target Chinese retailers and buyers, and this past summer the company had a fashion show in Shanghai -- the first for an Italian wedding-dress maker. The runway show, which used local models, sparked contact with buyers, some of whom requested private showings and placed orders. The company will host its second Shanghai show March 8.

Giovanna Sbiroli has also worked hard to market itself in other countries -- about 15% of its exports now go to Japan and Spain, where they have been able to tailor their styles to local tastes. It changed its size charts to suit different physiques. "It took several attempts to get the sizes right," Mr. Lippolis says.

As Giovanna Sbiroli lacks the scale and financing of its Asian rivals, Mr. Lippolis had to find a way to turn the company's most obvious weakness -- its small size

-- into a strength. For decades, the company had built its business by forging deep personal ties with its Italian clients. To distinguish the company, he devised a system to replicate that kind of relationship with clients far away. The company's export manager, Beatrice Dongiovanni, recently emailed a new client in Russia photos of modifications to a made-to-order dress, and then put in time answering the client's questions by email.



Giovanna Sbiroli SRL

From its factory in Putignano, Giovanna Sbiroli exports wedding dresses to 18 countries.

"We talk almost every day and we ensure that everything is being done to meet their needs," Mr. Lippolis says. He has hired local representatives in each new market to visit clients frequently on his behalf.

Mr. Lippolis is also trying to turn another liability -- his company's remote location -- into a selling point. This month, he is bringing about 20 Chinese buyers to Putignano, among the olive groves in the Italian countryside, to get a first-hand view of the factory where uniformed seamstresses hand-sew appliques and put the dresses together. The company makes about 6,000 dresses a year, and each takes about 15 hours to complete.

"The customers like that they have a personal relationship with us and that they know what is going on behind the scenes. This doesn't happen often any more," Mr. Lippolis says.

Other small companies in the area are following suit. Valentini Spose SRL, whose dresses sell for around €5,000, can't compete on cost, but say very few can match their craftsmanship -- a best-selling dress features 8,000 Swarovski crystals individually sewn on by hand. "We sell it as a unique piece that is made for a specific person with special care and attention," says Raffaele Valentini, the company's sales manager.

Valentini Spose didn't have an employee who spoke English when the company first tried to expand abroad about five years ago. Now, it does -- even though an English version of its Web site is still only a plan. The company exports to eight countries, with Japan its biggest market. Last year, it broke into Hungary and Russia.

Even as these companies are succeeding in selling their Italian style and know-how on the world stage, they are straining to maintain their own quality and traditions at home. Most of the seamstresses in the area have 20 years of experience and replacing them is difficult. Few young women are interested in becoming seamstresses, aspiring to become designers instead. To find local talent, the companies scout trade schools, advertise in newspapers and rely heavily on word-of-mouth.

Last year, Mr. Lippolis gave 15 young seamstresses a trial run at the company but hired only two of them. "There is on-the-job training, but we can't invest time and money in people who don't show a real interest in the craft," he says. Soon he may have to start relying on immigrants from Hungary or Romania to make the dresses. But, he says, "It will still be made in Italy, always."

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