

## **Small and Medium Sized Businesses. The “Italian Way” to Overcome the Crisis**

Marina Melchionda (April 21, 2009)



Massimo Capuano, President and Managing Director of Borsa Italia S.p.A., met the young members of NOVA (an Italian MBA association) at the Italian Consulate General. He discussed the role that small and medium sized companies play in the growth and development of the Italian economy and the relevance they could have in overcoming the global economic crisis

We are living in times of deep economic crisis. We hear these words every single day, several times a day. In the morning when we turn on the TV while having breakfast, at noon while having a quick lunch with colleagues, and in the evening when we are with our dearest friends and we discuss our plans and as well as our worries. We read about the recession on the web, and in newspapers and magazines. We see an uncertain future ahead of us, and we hold on to our jobs with tenacity and hope.

The crisis is real, it is global, and is affecting our lives in many ways; we have to deal with it on a



daily basis. “This economic crisis is the worst the world has faced in the last 60 or 70 years,” the head of the International Monetary Fund Dominique [Strauss-Kahn](#) [2] [has warned](#) [2].

However, each country has a different economic structure and, consequently, different policies to face the downturn. However, what is the best possible solution? There is no definitive answer to this question; it’s just a matter of waiting and “seeing if it works.”

The crisis in the U.S. has been predicted to last for at least three years. And what about Italy? What are the characteristics of the Italian economy that could help the country overcome the downturn? According to Massimo Capuano, President and Managing Director of Borsa Italia S.p.A., the company responsible for the organization and management of the Italy’s stock exchange, the solution lies in the country’s industrial sector: “More than the 95% of Italian companies are small or medium sized. Their contribution to the growth of the national economy is outstanding. Although their revenue might not be high, they are the main suppliers to larger companies, contributing to their growth. Large, medium, and small companies are all necessary to each other, and they have to develop together and in harmony. If the large businesses are not supported in their productive process by the small ones, the overall national economy will not recover.” This was the gist of the speech that Mr. Capuano gave on April 6 at the Italian Consulate in New York where he met with the young members of NOVA (an Italian MBA association).

The event, held at the Italian Consulate General in New York and organized by Deputy Consul Marco Alberti, was part of the series “Obiettivo Futuro” (Target: Future) that allows NOVA students to meet important and high-ranking representatives of the commercial, financial, and economic world. While they have come to the United States to enrich and broaden their skills and expertise in the economic field, they have found that the Italian Consulate is an institution that provides them with effective and innovative tools to launch an outstanding professional career in the economic sector.

On that day, more than 50 members of the Association attended the conference. All professionally dressed, they were visibly at ease in their “Italian home” in New York and sat in the conference hall alongside Italian and American journalists and economic experts.

Introduced by the Consul General Francesco Maria Talò and Deputy Consul Marco Alberti, Mr. Capuano gave students what could be defined as a real lesson in the most debated economic issues, from the evolution of economic regionalism to the latest developments on the current economic crisis.

He presented his exhaustive dissertation *L'integrazione del London Stock Exchange e di Borsa Italiana all'interno del processo di globalizzazione delle Borse mondiali* (The integration of the London Stock Exchange and Borsa Italiana in the context of globalizing stock exchanges worldwide) at the end of his visit to New York, on the occasion of the sixth annual Italian Investor Conference.

Despite the process of economic regionalization that is currently shaping the international economy, Mr. Capuano still believes in the relevance of national economies and finds that they are an effective stimulus to overcome the global economic crisis. “This is especially true in Italy” stresses Mr. Capuano. “If the structure of the Italian economic sector, which is mostly comprised of small and medium sized companies, was somehow considered deficient before, it might now give our country a better chance to fight the depression.” The absence, or minor presence, of great international companies – which have been the first to be affected by the crisis – could now become Italy’s “trump card” and the main feature in the country’s solution to neutralize the effects of the crisis. From this, the primary goal of the Italian Investor Conference is to promote further American investments in Italian companies traded on the Stock Exchange.

However, this aim, as Mr. Capuano explained to the NOVA students at the Consulate, can only be reached if Italian small companies “show courage” and fully transform themselves into joint-stock companies. “There are two different kinds of obstacles. First, Italian entrepreneurs are often not inclined to lose part of the control they maintain on the companies they own. This is one of the



toughest obstacles to face, because it is cultural and stems from the fact that most of these companies are family-based. Second, many company owners don't feel sufficiently prepared to deal with the financial market, especially during this time of economic crisis. This is why," he continued, "Borsa Italiana S.p.A. is committed on two different fronts: providing them consultants and economic analysts, and involving young entrepreneurs in the company's activities and initiatives, since traditionally they have been more receptive to innovation and change and can manage their companies from a different perspective.

Mr. Capuano's dissertation was followed by a lengthy and interesting Q&A session. NOVA members showed deep interest in this new approach to studying and analyzing Italy's economy.

The balanced development and modernization of traditional small and medium companies could become the "Italian way" to overcome the crisis. That was the lesson and the point, and the young MBA students, the future leaders of Italian economy, got it.

(Edited by Giulia Prestia)

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