



## February 2023

### Meeting for members only

**Friday, February 3** - Members-only evening at the "Le Bucoliche" Farmhouse.

Member **Fabrizio Micozzi** gave a presentation on the topic:  
"Small and Medium-sized Businesses: the Challenge of Growth".

#### CHALLENGES AND OPPORTUNITIES FOR OUR SMALL AND MEDIUM-SIZED BUSINESSES:

##### BRIEF OVERVIEW

##### New scenarios, three challenges facing Italian companies

Despite the distinctions of each case and with scenarios that are at least unstable at a macroeconomic level, Italian small and medium-sized businesses are generally experiencing a favorable period.

This **favourable trend** can be explained by many factors, but undoubtedly there are at least three interconnected components linked to the innovation processes of companies.



##### The first component is geopolitical.

Today, companies operate in a scenario changed by the devastating wave of Covid and the war in Ukraine, with immediate repercussions on the choices of allocation of production plants and research and development (R&D) centres.

A long cycle of "extreme" globalization seems to have come to an end due to the growing geopolitical instability. The paradigm of the "unlimited world" of production and trade appears to be partially questioned by the great logistical crisis induced by the pandemic and then by the brutal Russian aggression in the heart of Europe.

This has accelerated an already existing global trend towards the repatriation of production plants and strategic know-how. Companies that have factories and warehouses in safe and nearby locations discover that they have a competitive advantage over those who have to deal with "long" supply chains that have become fragile and with increasing costs.

New technologies allow for the creation of smaller factories with a low environmental impact, production facilities that architecture can transform into contemporary works of art, blending in with the precious landscapes of old Europe.

The increasing importance of values such as ethical labour and

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environmental sustainability in commercial communication is driving more conscious companies to deeply rethink their production methods, with a growing focus on worker well-being and environmental protection. This de-globalization, accompanied by the implementation of reforms related to the PNRR (National Recovery and Resilience Plan), will give a strong boost to productive investments in Italy, generating a technological acceleration that could be unprecedented in recent decades.

##### The second component is technological.

The proliferation of blockchain technology and NFTs (non-fungible tokens) offers:

- Extraordinary opportunities for Italian companies in numerous sectors (from food and fashion to sports, etc.).
- Blockchain is already used to ensure traceability of high-value production chains in industrial and agri-food contexts, but its potential is enormous for most Italian companies that are characterized by the high quality of their workmanship and raw materials.
- It is therefore a formidable booster of Made in Italy that gives companies and consumers a tool to instantly view the "background" of products through a simple QR code, rewarding Italian excellence and allowing for better recognition of truly sustainable productions.
- NFTs can also become strategic assets for Italian companies, including cultural (museums), sports, and luxury industries in general.
- The characteristic of NFTs is to be unique digital certificates, registered and exchanged within a blockchain, and used to record ownership and certify the origin and uniqueness of certain goods such as digital artwork or collectables. Opportunities related to the world of NFTs are not limited to the creation of images and memorabilia.
- These technologies can also be used by companies to introduce tokens that allow their customers to access exclusive content and unique virtual experiences in a Metaverse.
- This is a market with great potential (tens of billions of dollars in the

sports sector alone) for Italian companies.

### **The third component is cultural.**

The extraordinary expansion of markets in the last two decades has led to an imbalance between producers of technological infrastructures for accessing content (the vast world of "information technology") now firmly established in the US and Asia, and owners/producers of content (many still in Europe).

The world of high technology craves creative cultural content that is still largely a European and particularly Italian speciality. An example is design, where Italy maintains a strong position, but the discussion extends to creativity in every industrial and social sector. Italy has the world's largest artistic heritage and can therefore become an extraordinary global factory of content with immense economic potential.

These three components create a very favourable trend for Italy.

### **WHAT ARE THE OBSTACLES?**

However, there are major obstacles that should be faced by conscious and responsible leadership. The main obstacle is the size of Italian companies. To build a proper path of innovation (in production processes, organizational structure, communication), medium to large-sized companies are needed, equipped with adequate financial resources and a management that is aware of the complexity of the challenge. Italy has many micro and small companies and few large and medium-sized ones.

- The myth of "small is beautiful" must be debunked and the growth of our small and medium-sized businesses must be promoted.
- The heart of companies is increasingly "intangible" and linked to intellectual property (IP) and brand valorization.
- The small business, as extraordinary as it may be in the quality of its products, does not have the financial and management resources necessary to accompany production processes with growth strategies that allow it to benefit from the favourable trend we have described. The concrete risk is that our small businesses remain "sub-suppliers" of global players, without having any control over their destiny.
- To avoid this, it is necessary to first promote the generational and cultural leap that is already underway, opening the doors to the change that we could call "creative".



In Italy, a country where the entrepreneurial fabric is almost entirely made up of small and medium-sized businesses (mostly micro-businesses) in terms of the number of operators, our companies, therefore, have a choice:

- to face the recovery remaining faithful to business paradigms consolidated over time or to exploit the crisis to evolve, embracing change.
- An example of creative change: venture capital (still marginal in our country) combined with strong innovation processes has created world-

class models of excellence, such as Israel, which has made it possible to create global companies starting from a constellation of micro-businesses.

### **WHAT ARE THE NEW HORIZONS? THEREFORE, WHAT ARE AND WILL BE THE NEW BUSINESS PARADIGMS FOR SMALL AND MEDIUM-SIZED BUSINESSES?**

In the new normal, post pandemic and war crisis, small and medium sized businesses with the following business paradigms will prevail:

- Ability to innovate
- Digitalization
- Size and scale, financial solidity
- Geographical expansion
- Sustainability

#### **Ability to innovate**

#### **THREATS OR OPPORTUNITIES?**

Evolving one's market offer and consistently adapting the operational model.

In light of the many extraordinary contexts that they must face, Italian small and medium-sized businesses believe that to remain competitive they will probably need to intervene in their business model, adapting

strategies in terms of business growth and development, and consequently reviewing their operational model.

However, in the face of a considerable number of companies that declare that they want to innovate their business model, from highly qualified surveys, it emerges that less than half have a clear idea of how to do so. To date, still few small and medium-sized businesses launch the definition of structured recovery plans with objectives and formalized actions over a medium-long term horizon, even though they declare to have the skills to do so.

This data confirms what has emerged in many studies, such as the recent Deloitte Private Family Business Survey, in which only 1 company out of 2 declares to have a real strategic plan and the majority (77%, almost 4 out of 5) of family business leaders had not developed a direction for their reality beyond 5 years, also reporting to adopt a typically reactive approach to events, not always conducive to supporting the achievement of long-term vision.

#### **Digitalization**

New digital technologies will be an "order qualifier" to compete in the market by enabling, even - but not only - in a context of social distancing, greater operational efficiency (e.g. lean processes, agile work solutions) and ensuring greater commercial reach (e.g. new sales channels in line with new consumer spending habits).

#### **Digitalization: problem and/or opportunity?**

As revealed by a recent **Deloitte survey**, for 62% of entrepreneurs, the ability to innovate is one of the main levers to ensure the solidity of the company in the long term, looking at the next 10-20 years. However, the annual survey of the European Commission still shows a level of digitalization of Italian companies below the European average (Italy in 25th place among the 28 Member States of the European Union), with significant room for improvement especially in terms of digital skills (last in the EU), adoption of digital behaviours/habits and integration of digital technologies in the context of e-commerce (only 10% of Italian small and medium-sized businesses sell online compared to an EU average of 18%).

#### **Size and scale**

According to all the most qualified research on the topic, strengthening the equity of companies and their growth in size are critical factors for supporting competitiveness and the ability to invest and innovate in the new context.

#### **Size and scale: problem and/or opportunity?**

The average size of companies and the right level of capitalization will become key elements for companies interested in ensuring the solidity of their business in the medium to long term. Although the evolution is partially already underway in the Italian small and medium-sized businesses scene, with an average debt ratio (debts to third parties/equity) decreased from 63.2% in 2009 to 52.9% in 2018, it is essential to look at models of collaboration and aggregation between companies to acquire scale and compete in international markets, through extraordinary finance operations such as M&A and Joint Venture by industrial and financial operators, including domestic ones, or by strengthening the role of the supply chain with actions of capitalization of the participants facilitated by larger companies.

#### **Equity solidity**

Having the right size and scale to ensure stability to the business. To be resilient and react to shocks, it is fundamental for a company to strengthen its equity component. If company liquidity allows support for managing imminent operational and cash needs, the underlying to ensure sustainable growth can only be the equity component. Having the right size is therefore a key factor in bridging the productivity gaps of our small and medium-sized businesses and ensuring the full recovery of efficiency.

#### **Geographical expansion**

Targeting foreign markets to grow and diversify.

- Internationalization in recent years has been one of the main growth drivers for SMBs (second only to increasing productivity and operational efficiency).



• This data is confirmed in Italy also by the strong growth of the export of national SMBs, which increased between 2014 and 2018 at a compound annual growth rate of +2.5%, reaching volumes of more than €200 billion.

This results in a strengthening of the priority needs of SMBs approaching foreign markets.

- Knowing the market: studying a progressive entry plan to understand the foreign market and its 360° specificities (e.g. regulatory, legislative requirements).
- Identifying the right local partners: searching for possible local counterparts with whom to activate initial contacts for the development of commercial relationships.
- Strengthening governance and reporting systems: efficiently managing international activities, ensuring a constant presence on activities carried out in Italy even when ownership and management are engaged abroad in developing new business.
- Being "ready" to compete in the new market: investing in the training of one's company to develop skills necessary for the specific market.
- Having the right skills: acquiring new managerial capabilities/skills from outside to "contaminate" one's operations.

### Sustainability

The triad of economy/environment/society will become even more driving in the definition of new corporate strategies.

- According to recent Deloitte Private research, even before the emergency, sustainability was seen as a differentiating and competitive advantage by about 1 out of 2 companies, and data published at the beginning of 2020 by ISTAT regarding the census of SMBs confirms this trend.
- What does the concept of sustainability entail for companies?

**ENVIRONMENTAL SUSTAINABILITY: PROBLEM AND/OR OPPORTUNITY?:** focusing on organizing economic activities in balance with the surrounding environment

- about 65% of companies (recent Deloitte Private research) have taken action to reduce the environmental impact of their activities, and for 1 out of 3 companies, the main driver is improving their reputation with customers and suppliers.
- investing in new operational/organizational models that are leaner and more efficient in support of more sustainable and lasting corporate growth
- about 67% of companies (recent Deloitte Private research) have revised their operating model to reduce the impact of their activities, through the use of low-consumption infrastructures
- introducing corporate welfare practices for the benefit of the company's employees
- about 70% of SMEs (recent Deloitte Private research) declare that they are committed to actions aimed at improving the working welfare of their staff through greater flexibility in working hours or good practices related to professional development, e.g. economic progression, training growth; weight of "civic action" towards the community and ecosystem in which the company operates.

The meeting was followed by a constructive and pleasant discussion, both for the importance of the topics discussed and for the pleasure of being together again with a dear colleague.



## Quality of Oil and Biodiversity

### Playing with the senses...between the quality of oil and biodiversity

On **February 17th**, the Rotary Club of Osimo, in collaboration with the **Agency for Innovation in the Agricultural and Fisheries Sector "Marche Agricoltura Pesca" (AMAP)**, organized an event dedicated to the guided tasting of monovarietal oils from the Marche region, conducted by **Dr. Barbara Alfei**, Head Panel of AMAP and leading expert on olive oil.

Biodiversity and sustainable agriculture are very important themes for Rotary International, as they fall within its environmental action area and contribute to preserving our planet for future generations. In this context, promoting local and sustainable products such as monovarietal oils from the Marche region, in addition to valorizing the territory and supporting the local economy, represents an important step in preserving the



biodiversity of agricultural crops. During the evening, Dr Alfei offered valuable advice for choosing a quality extra virgin olive oil and making the most of its nutritional and sensory properties. We are pleased to share with you the complete report by Barbara Alfei, which we are certain will be of great help to all olive oil lovers who want to learn more!

*"In the Middle Ages, Marche oil was sold to Venetian and Florentine merchants at a higher price than other oils, thanks to its taste and colour."*

The Marche region boasts a rich biodiversity heritage, with 23 varieties registered in the Regional Repertoire, widespread in circumscribed areas, selected over time by olive growers based on their ability to tolerate the main climatic and phytosanitary adversities that characterize individual territories. For this reason, autochthonous varieties offer greater guarantees of environmental compatibility, which is very important in the era of climate change.

### Which oil?

Choosing the right oil is often difficult; the first thing to consider is the merchandising category of extra virgin olive oil, that is, a "genuine" oil (obtained through natural processes) that meets both regulatory chemical requirements (e.g. acidity  $\leq 0.8\%$ ) and sensory requirements (absence of defects, presence of fruity notes), possibly certified as Dop/lpg or subjected to a "Panel test" (official tasting test) for greater quality assurance. There are many extra virgin oils on the market, different in origin, price, and quality level. How can we orient ourselves? By using the best analysis laboratory in the world, that is, our senses: not so much sight (the colour of the oil is not related to quality), but rather smell and taste. Advantages: fruity, bitter, and spicy, in addition to varietal aromas such as grass, almond, artichoke, tomato, berries, and herbs. Defects: winey, fusty, musty, rancid and muddy, mainly due to improper oil storage, and others such as worms following strong fly attacks, vegetation water problems in the mill, dry hay, or frozen olives due to climatic issues.

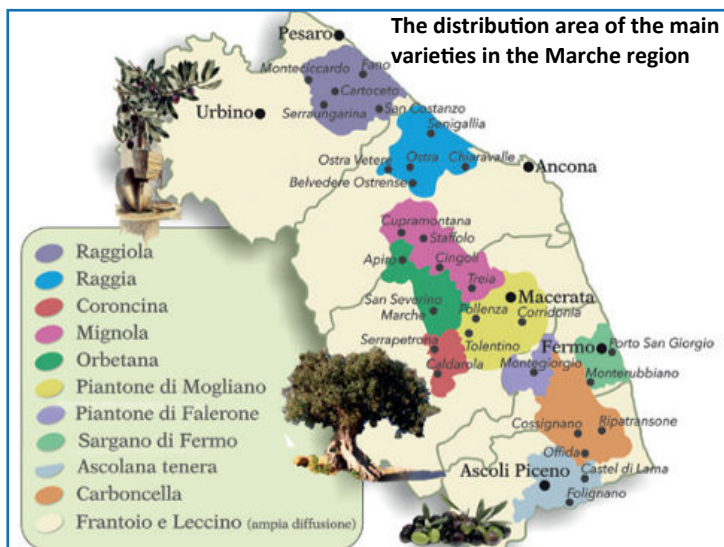
**The quality path** is an obstacle course that requires maximum synergy between the various actors in the chain, from the producer to the miller, up to the restaurateur and the final consumer.

### In the field:

- Phytosanitary defence, in particular, control of the fly (*Bactrocera oleae*);
- Rational agronomic practices (soil management, fertilization, pruning, harvesting);
- Choice of the optimal harvesting time, depending on the varieties;
- Immediate processing of olives.

### In the mill:

- Cleaning of machinery;
- Choice of technological parameters;
- Measures to reduce oxidative impact in order to optimize the



content of phenolic substances and volatile compounds with nutritional and sensory value;

- Filtration is recommended for better product preservation;
- Ensure the best storage conditions (in the dark, in the absence of oxygen, and at a constant temperature around 15°C).

#### Final verification:

- Qualitative analysis (acidity, peroxides, spectrophotometric constants) and, where applicable, residue of phytosanitary products;
- A panel test conducted by a recognized panel to verify compliance with the category of extra-virgin merchandise or the indications provided in the DOP/IGP disciplinary regulations before packaging and commercialization.

**Objective for the success of the dish:** have extra-virgin olive oil that is fruity, bitter, and spicy, enriched with herbal nuances and a variety of scents such as almond, artichoke, tomato, and berries. The oil should be added preferably raw to the dish to provide fragrance, flavours, emotions, and health benefits to the table.

In addition to the sensory aspect, it is essential to consider the nutritional value of olive oil, which has an exclusive and balanced fatty acid composition. It is rich in oleic acid and contains essential fatty acids in quantities similar to those in breast milk. Lastly, it has significant nutritional value due to its high content of bioactive compounds capable of preventing chronic-degenerative diseases such as cardiovascular, neurological, and oncological diseases. These antioxidants, the polyphenols, are responsible for the bitter and spicy sensations (which are extremely positive) and prolong the shelf life of the oil. Consuming two tablespoons (23 g) of oil daily with a polyphenol content exceeding 300 mg/kg allows for the intake of at least 5 mg/day of polyphenols, which can have beneficial effects on our bodies.

The numerous local varieties available in Italy (about 600) offer the possibility of finding oils with the most diverse characteristics. These varieties and their sensory profiles, fatty acid compositions, and polyphenol contents can be found in the database at [www.olimonovarietali.it](http://www.olimonovarietali.it), where numerous editions of the National Monovarietal Oil Exhibition are available. This exhibition is organized by AMAP to promote the diverse biodiversity heritage. It is a guide that accompanies consumers in the world of fragrances and tastes of excellent oils.

After many years of studies and data collection, we feel we can apply the concept of TERROIR from the wine world to the world of olive oil, particularly monovarietal. Variety, territory, and climate make monovarietal oil unique in the world. It is impossible to reproduce it in other areas, with a clear and repeatable chemical and sensory identity, with very precise distinctive organoleptic characteristics, easily recognizable not only by experienced and trained tasters but also by attentive and sensitive consumers. Monovarietal oil is enriched with a landscape, historical, cultural, and human context represented by knowledge, professionalism, tradition, and passion.

Some advice:

- Prefer oils strongly linked to the territory in combination with local gastronomy dishes.
- Store them in the dark, in the absence of oxygen, and at a constant temperature of around 15°C.
- Prefer small capacity bottles to make that "drop of oil" even more precious, and especially to avoid oxidation in the open bottle.
- Have at least six oils, one for each of the sensory types defined in the database [www.olimonovarietali.it](http://www.olimonovarietali.it), to satisfy all taste and pairing needs, playing on the intensities and varying scents.
- Use the oil mostly raw. For cooking and frying, it is still advisable to use extra-virgin olive oil.



After the intervention of Dr. Alfei, Mr. **Palmiro Ciccarelli** briefly reported on the wine of our territory, promising to be more exhaustive during a possible future meeting. The evening ended in a cordial and friendly atmosphere, with a series of questions asked by those present, due to the curiosity induced by the topic discussed, followed with great interest and participation.

## Rotary Club Assembly

On **Thursday, March 23 at 9:15 pm**, the **Rotary Club Assembly** was held for the **election of the Nominee Governor of District 2090**. Once the quorum was reached, the meeting was held in hybrid mode, with a Zoom connection and anonymous remote voting, and in person with anonymous paper voting at the Club's headquarters. **Roberto Calai**, RC Spoleto, and **Marco Tomassini**, RC Foligno, were candidates. The outcome of the vote is available in the minutes of the Assembly. Then, a festive petit buffet followed at the headquarters, with a toast, to celebrate the **118th Birthday of Rotary International**, "born" on February 23, 1905.



## Generators for Ukraine

### Communication from the President to the members.

Dear members,

Our club has previously committed to helping Ukrainian refugees and we are now called to a new effort for the **Generators for Zaporizhzhya project**. The region is experiencing a critical situation due to the war with Russia, and the Rotary Club Zaporizhzhya-Khortytsia is trying to help the population by providing assistance to refugees, internally displaced persons, disabled people, orphaned children, defenders and soldiers of the ZSU, hospitals, and frontline communities.

Among the emergencies, the club needs generators to provide electricity to the population and keep the city and region connected. We are proposing the project to the District and other clubs, but we need your generosity to reach the goal of sending at least both models indicated in the project sheet for a total cost of €1960. You can contribute with a donation to our **Foundation iban IT11K0854937490000000021917**. I will keep you constantly informed about contacts with the Governor and the presidents of other clubs in the district, and I ask you to sensitise Rotary friends from other clubs who could also contribute personally. Thank you for your support.

Sarah



## Resignations of two members

The Board of Directors, in the February session, officially accepted the **resignations from the club of members ROBERTO ROGATI and CORRADO MANZOTTI**.



**Roberto Rogati** was admitted to the club in 2005, presented by Corrado Frontini; he held positions of Prefect, Treasurer, as well as a member of the Commission.

**Corrado Manzotti** was admitted to the club in 2013, presented by Enrico Cetrari; he held positions as a member of the Commission.

