

Tessile Milana, SpA (A)

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“What’s the matter? Aren’t you hungry?” It was a Thursday evening in November 2017, and Dave was watching his wife, Andrea, a sales director at Tessile Milana, SpA, picking absently at her food.

“You seem a bit distracted this evening,” he said.

“No, don’t mind me,” she replied. “I’m tired – that’s all. Let’s just go to bed. I’ll be fine in the morning. Really, it’s just tiredness.”

Andrea knew this was not true. She also knew she was unlikely to get much sleep that night. The couple had just signed the mortgage on their new home, and this coincided with their 17-year-old son Dario announcing his intention to drop out of school. So Andrea decided not to burden her husband with her troubles at work.

Two weeks earlier, through a headhunter, Andrea received a firm offer from her company’s main competitor. She would have never agreed to an interview if the situation at Tessile Milana had not been as strained as it had been for the previous few months. Initially she accepted the invitation more out of curiosity than anything, as well as to find out what the competition was up to. Some headhunters can be remarkably persuasive, however, and she ended up agreeing to a second interview with the CEO of the Italian subsidiary of the multinational Leicester Laces – and Andrea was more favorably impressed than she had expected. Despite this initial impression, she did not think the competitor would actually offer her the post. In any case, she was not planning to accept it, despite the stress she had been under lately due to the tense atmosphere at Tessile Milana. However, the headhunter called back three days ago, on Monday, to tell her that the offer still stood and that she had until the end of the week to give her reply, as Leicester Laces had another candidate lined up. Andrea promised to get back to the headhunter by midday on Friday.

This case was prepared by Professors M.ª Nuria Chinchilla and Álvaro San Martín. October 2022.

All of the material contained in this document has been developed by the author unless otherwise stated.

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Earlier that Thursday, Andrea had one of the most stressful afternoons she could remember in all her days as a manager. Things were getting complicated. Her meeting with the company president had been a disaster. Andrea was so badly shaken that her doubts about her own future with the company, which she had never taken seriously, now took on much greater significance, especially in the context of the decision she needed to make.

The Beginnings

Andrea was 40 years old. She joined Tessile Milana at the age of 24 as a junior salesperson, handling various small and medium-sized customers in the Lombardy area. Five years later, being fluent in several languages, she was offered the job of setting up and organizing an export sales department in a subsidiary that specialized in printed fabrics. Andrea did not have a university education, knew nothing about fabric printing and very little about exporting, and had no experience of organizing sales teams. Yet she believed that, with enthusiasm and determination, she would learn quickly.

At the time Andrea took up her post in the subsidiary, the firm had a turnover of €1.5 million, with exports worth barely €60,000. The following year, Andrea exported goods valued at €350,000. In 2008, the figure reached €900,000 and, in 2009, exports exceeded €2 million, accounting for 40% of the total turnover. By that time Andrea had acquired a certain amount of experience in team management as she had set up a network of sales representatives paid on commission and ran her own small administration and customer service department.

At the end of 2010, the post of sales manager at Tessile Milana fell vacant and Andrea readily accepted the challenge of returning to the company where she had started.

Company Background

Tessile Milana was a family company. The president, Giovanni, was the son of the original founder, the company's driving force and its undisputed leader. He had great charisma and intuition, which he used to make Tessile Milana the top company in its specialty in the Italian market, in which it had a share of more than 60%. In 2009, sales were around €45 million, of which only 16% corresponded to exports. When Andrea took on the responsibility for export sales, team morale was at rock bottom. Sales targets had not been met, the previous sales manager had left the company because he was fed up with the marketing director's lack of an export strategy, and potential customers either had never heard of the company or were openly distrustful of it. Andrea spent the first year getting to personally know each member of the team she had inherited, visiting them one by one to learn about the market. She confirmed some of them in their position while she replaced others, until finally she had what she felt was the basis of a cohesive team.

By the beginning of 2012, her relationship with the marketing director had deteriorated badly for the same reasons that had prompted the resignation of her predecessor: the marketing director's lack of interest in exporting. At around that time Andrea was offered a similar post in a company in a different industry. She informed the marketing director of her intention to leave, but the next morning the president phoned her at her office. The president's words were to echo in Andrea's mind for many years to come: "I know nobody is indispensable but right now I need you. Please don't go. I have plans, and I promise you that things will change."



Andrea knew that Giovanni, for better or worse, was an emotional man. She also felt that the president meant what he said and genuinely valued Andrea. So, after several sleepless nights, Andrea decided to stay with the company. Four months later, Alberto, a manager from a multinational company, joined Tessile Milana as CEO, a newly created post. Alberto drew up a strategic plan and decided to promote exports. Andrea was given carte blanche to build up the sales organization to meet whatever needs might arise. Andrea brought in new staff, made changes to the team of freelance salespeople, and launched a major offensive throughout Europe. The results could soon be seen. **Table 1** below shows the growth of sales in Italy and the export market during the first three years of this new phase.

Table 1
Sales in Italy and Exports (in Millions of Euros)

Year	Italy	Exports	Total
2012	34.5	11.0	45.5
2013	35.5	18.5	54.0
2014	37.5	30.0	67.5

At the beginning of 2013, the marketing director was dismissed and his functions were taken over by the CEO, until in 2014 the CEO decided to delegate them. He created two parallel areas, each with its own director: product development and sales. The post of sales director was offered to Andrea, who accepted. (**Exhibit 1** shows a company organization chart.)

Once again Andrea faced the task of reorganizing and reorienting a team she had inherited from someone else. This time, the team was more experienced, but also more difficult to turn around. She would have to supervise two sales managers with 20 years more experience than she had. She remained undaunted, however. Convinced of her ability to manage people, she set to work.

The President's Children

Massima

In 2013, the president's younger daughter, Massima, joined the company. Andrea vaguely recalled the conversation she had at the time with Massima's father.

Giovanni: "Andrea, you know my daughter already. Remember the time she worked with you as a sales clerk in exports for a year? She's 23 now. I'd like you to see if you can find a place for her as a junior salesperson – with some further training, of course. But I don't want to force her on you. If you don't think she's got it in her, just tell me and we'll put her in some other department."

Andrea: "Let me think it over and I'll get back to you."

The fact was that, at that time, there was a vacancy for a dynamic, self-motivated young salesperson to prospect the U.S. market, and Massima spoke good English, knew the product, and would presumably be well motivated, being a member of the owner family. She seemed capable of taking on the challenge. On top of that, Andrea liked her. Massima seemed a pleasant, uncomplicated young woman, despite her family fortune. So, after consulting Alberto, Andrea decided to bring Massima into the team.