



EMCC case studies

Industrial change in the textiles and leather sector: Liolàprint S.r.l.

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Company facts

Liolàprint S.r.l. of Legnano is a printing and dyeing company in the Liolà group. The Liolà Group and this company are owned by the Giulini family. Liolàprint S.r.l. works for the group (which absorbs about half of its productive capacity) and has for some time worked on a contract basis as a direct supplier to domestic market textile converters so as to better saturate its productive capacity.

The establishment of Liolàprint in Legnano in 1967 marked a step in the Liolà A.p.S.'s creation of a fully integrated network which deals with high-quality fabrics produced by its knitting mill in Dormelletto. The company is thus part of a group which emphasises a totally integrated value chain located entirely in Italy and branded as 'Made in Italy'. As part of the group, the company has a strong social commitment to safeguarding labour and national traditions and to protecting the environment.

At present there are 54 employees. The number of staff has been relatively constant during the past five years, as has been the case with the holding company, Liolà S.p.A. Liolàprint's turnover for the last three years has also remained relatively stable, as this table shows (figures are in millions of euro):

2001	2002	2003
3.8	3.6	3.8

Market dynamics and company changes

The company's business (dyeing and printing) has been exposed to the challenges of market turbulence and shorter and shorter fashion cycles. Periods where printed fabrics go out of fashion have been difficult for Liolàprint.

After a period of minimalist styles oriented toward plain fabrics in solid colours, trends more favourable to company business are now appearing on the horizon in the form of textile prints inspired by the 1960s and 1980s.

It is hoped that this will offer renewed opportunity for quality prints, the company's core business. This trend could also limit international outsourcing in favour of Italian printers: high-end printing and dyeing plants, mostly located in the Como area, which comprise Liolàprint's main competitors.

Dyeing is, in fact, far less profitable and differentiated than printing and therefore more exposed to competition from developing countries, which have well-established dyeing techniques and traditions. This has been accentuated by the growing phenomenon of delocalisation, which is, in turn, linked to the removal of trade barriers and the spread of information and communication technologies (ICT).

Despite the challenges of the past few years, Liolàprint has maintained a stable number of employees. Employee composition has also remained stable, standing at present at:

- 39 men, 15 women;
- 41 workers, 12 clerks, 1 executive;
- average age: 40.

The most pressing challenges for the future will be dictated by the volatility of fashion trends fuelled by rising social insecurity, which could also lead to less purchasing power for high-end quality products. This will be accompanied by progressive market globalisation aided by an increasing use of Internet and ICT technology in general.

Liolàprint feels that it is precisely these same developments in technology and, particularly, in ICT that permit the company and the group to increase the efficiency of its operations. Liolàprint's structure is dictated by its situation as part of the Liolà Group, which is atypical in its strategic choice of total localisation and administrative centralisation.

Liolàprint and group strategy revolve around a market niche based on quality and tradition. The Liolàprint and group structure emphasise brand differentiation and consolidated customer relations. Liolàprint does not foresee any structural changes in its streamlined and centralised organisation and production methods. Therefore, increased efficiency is necessary in terms of services offered to the trade and in terms of innovation of stylistic content through deployment of new printing technologies. The latter aims at counteracting the aggressive competition of competitors who can cut costs through delocalisation.

It is rare for the Liolà Group to resort to external dyers or printers for fabric preparation. Liolàprint's main partner is thus the Liolà knit factory, which accounts for about half of the company's business. The other half is directed towards converters with whom the company has a well-established relationship.

From the technological point of view, the ink-jet printing technique is becoming more and more popular and is about to revolutionise the entire sector and the apparel industry, because it permits total flexibility in terms of both quantity and quality. By adopting ink-jet printing, traditional textile printers can expand their product range through shorter runs that are too expensive and time-consuming to run on conventional screen presses. Economics is the main driver of ink-jet technologies for the fashion industry, which is concerned with quicker fashion trends and greater potential for customisation. Furthermore, this technology permits an increase in the number of colours in a design without a corresponding increase in costs.

At present, a number of innovative competitors (such as stylists) are already using this technology. Within a couple of years this investment will be obligatory for all high-end printers because it offers important opportunities in terms of innovation, creativity, and flexibility. Liolàprint is preparing to meet this challenge through adequate investment in technology. The company has just invested in a fully automatic colour kitchen¹, and is planning to invest in an ink-jet printing machine. All such technological purchases are followed up by special training courses for the employees involved.

Liolàprint sees its future as dependent on this technological investment which will result in greater flexibility and an expansion of its product range. There are, however, no foreseen changes in market share, number and composition of employees, or basic organisational structure. The future partner/collaborator/supplier chain will also remain largely unchanged, though the group does foresee expansion of its product range toward a slightly younger target.

¹ Colour kitchen automation involves computer-controlled weighing and dispensing of dyestuffs and chemicals.

Organisation and market

The company's structure is highly streamlined. The director of production supervises two department managers, one responsible for dyeing and the other for printing. The director of production also acts as commercial director, maintaining direct contact with a small number of large customers, and is also in charge of personnel management. Administrative and financial services are provided by the holding company.

There have been no major organisational or workflow changes within the past five years. The overall organisation within the value chain is not expected to change, although workflow is likely to change because of innovations in machinery and the information flow system. In particular, efficiency is expected to improve following implementation of an Intranet connection between Liolàprint and the other two group companies, and the resulting updating of employee skills to match the new technology.

It is only in limited cases that the group purchases raw or prepared fabrics from other manufacturers. Generally, though, whatever the source, all raw fabrics are normally treated by Liolàprint; only rarely does the group turn to sub-suppliers for printing and dyeing. This only happens if Liolàprint does not have the necessary technology or when it is economically advantageous to do so. There has been no major change in this situation over the past five years, nor are there any changes planned for the coming five years.

The removal of quotas has definitely intensified competition in terms of prices, due to the increasingly aggressive presence of importers and the progressive expansion of outsourcing of production to developing nations. In addition, there is increasing competition in terms of efficiency of service. Liolàprint feels, however, that its situation will remain stable thanks to its ongoing investment in technology.

Supplier relations

Supplier relations are definitely considered as long-term, strategic relationships rather than short-term and assignment-driven. The style office in the Dormelletto knit factory is the department that identifies suppliers. Relationships with suppliers are then handled directly by the production department.

Workforce and the market

The workforce at Liolàprint has been stable, and there have been few layoffs and few increases in staff numbers. The management ascribes this to a good working and collaborative climate. This stability, similar to that prevailing in Liolà S.p.A., is expected to continue in the future.

Almost all of the staff work full time in shifts. There has been no change in this situation during the past five years.

Employees mainly have a non-sector specific secondary school educational background (although the director is a technical engineer). Employees' technical skills are mainly obtained through on the job experience based on in-house training as new technologies and methods are introduced.

As in Liolà S.p.A, recruitment is carried out mainly through CVs and through acquaintances. The company normally hires people with previous experience who already have the required professional skills. If necessary, however, new skills are acquired through special training courses.

Demands for changing employees' skills have been driven mainly by technological evolution, especially related to the updating of printing technology, rather than by any direct organisational change in the company. Because there is a high level of employee retention, it has been possible to gradually adapt employees' skills to new demands through special in-house courses, building on the foundation of previous job experience and past skills and knowledge obtained within the company.

Salary

Salary structures are tied to individual professional skills and to professional groupings. There are also bonuses for all employees for presence (lack of absenteeism) and for work quality. These bonuses are based on precise parameters determined through social dialogue by an internal commission composed of the company's managers and representatives of the workforce.

Employee contracts do not include provisions for education and training.

Labour relations

Liolàprint has an equal rights policy. Its employees are unionised. They are only involved in managerial decisions in relation to work organisation issues such as holidays, flexibility, and incentives, where management reaches an agreement with union representatives.

The major function of Liolàprint's union policy has been in relation to the organisation of labour and incentives, in order to develop an environment of reciprocal comprehension and support as part of the development of the working culture and quality culture in Liolàprint. Liolàprint sees unions as having a potential proactive role in linking market and industry changes to a progressive improvement of employees' skills, thus safeguarding employment levels.

Education and training

Employee education and training takes place in-house. In view of the fact that most new employees have previous relevant work experience, there is no introductory programme for new employees. Training is for the most part parallel to and based on the acquisition of new technologies, and has thus always focused primarily on technological upskilling through targeted courses. As an example, the Internet connection of sales points with the knitting factory required technological training of the employees involved.

Apart from these courses, there have been no other initiatives to ensure managers and employees have the necessary skills and competences.

Research and development

Liolàprint has always used formal research activities that target product improvement and increased production efficiency. In addition, there has been research input from the style office in the Dormelletto knitting mill with regard to new design and print technologies. However, as Liolàprint only provides fabric preparation services, it is the holding company itself that concerns itself with trade development by emphasising its chain of flagship stores.

Virtualisation of the workplace

In contrast with Liola S.p.A., Liolàprint does not perceive itself as technologically advanced at present.

In the short term, it is planning an Intranet link with the two other group firms to further optimise information flow. Thus, the value chain will further benefit from the integrated approach. In the longer term, there are plans for a direct Internet link from Liolàprint to major external customers in order to obtain the necessary flexibility to meet customer demands.

Other than this, ICT is not integrated in internal workflow or processes, and there are no other forms of network connection at Liolàprint. Internet is only used for email and fax purposes. Major technological issues appear only in production, especially in the colour kitchen which has been automated by a highly innovative system.

ICT is seen as a crucial factor that has favoured the delocalisation of production to developing nations. Increasingly, companies in industrialised countries work with skills and services rather than manufacturing. This has resulted in a rescaling of the dyeing and printing industry as more and more of it migrates, especially to eastern Europe.

Liolàprint views its use of technology as the only way to maintain a competitive edge, and foresees important investments in product innovation tied to new printing methods and especially in increased organisational efficiency and services that could be the result of new ink-jet printing technologies.

Liolàprint sees the use of ICT as potentially affecting the company's overall organisation, although at present it is not seen as affecting employees, the business model, or production placement. In general, ICT is viewed primarily as a tool for improved efficiency and cutting costs.

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