

# The Loccioni Case Study (A) - Corporate Values<sup>1</sup>

*Attention to detail, customer satisfaction, surprising with an act of kindness, curiosity in a question, attention to waste, determination in doing good, love for what we do, respect for people, being respected, the things that count and those that are counted, are the roots and the leaves of this group, the values that have been transmitted to us. We look after this heritage and continue to nurture it now more than ever.* Loccioni Family (Loccioni, 2016, 3)

## Historical Milestones

Enrico Loccioni was born into an agricultural family and spent his childhood in the Valle di San Clemente, between the provinces of Ancona and Macerata. Thanks to the skills he acquired at the vocational training school in Jesi, at the age of 15, he implemented his first electrical automation system to carry water from the well to the house and the stables. The success of the project and his father's word-of-mouth led him to carry out similar projects for other farmers in the area.

From his first work experience at a shoe factory, he understood that he disliked repetitive work and being under somebody else's charge. And so he decided to become self-employed. In 1968, he founded ICIE, launching his entrepreneurial career as a technician specialized in the design and construction of electrical installations for industrial use. On 30 July 1968, he received his first commission from Merloni home appliances for "various motor and machine connectors". In 1969, Enrico met Graziella Rebichini whom he married in 1973 and who would become the enterprise's financial and practical soul. In the first two decades of its life, the company was almost an artisan and essentially local business, yet even then in search of the best customers and collaborators so as to favor the development of the skills needed to improve the production processes. As the entrepreneur himself stated, "We carried out electrical installations, we offered labor and passion" (Loccioni, 2012: 7).

In 1971, Enrico founded General Impianti, a company that designed and built systems and components for industrial automation on commission - subsequently also for telecommunications and environmental monitoring - for large local industrial groups. In 1976, he obtained his first projects from Merloni to control the quality of washing machines, but it was in 1985 with the Margherita washing machine that a new story started. This was an innovative product and for this reason also had significant defects. The young Loccioni engineers designed a highly innovative system that allowed the group to reduce the product's defects from 15% to 4%. Thanks to this success, the company started working closely with the Merloni group, leveraging its strong growth. Already in this period, Enrico's goal was to develop knowledge and experience to create value for people and the territory.

Subsequently, Loccioni founded other businesses operating in different fields. In 1980, he constituted AEA (Advanced Electronic Applications) with the objective of designing and

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implementing quality control and testing systems as well as process certification for the household appliance sector (customers included Candy, Electrolux, Merloni, Whirlpool), and subsequently for the automotive industry (with clients such as Fiat, Magneti Marelli, Bosch). In 1986, he received a commission from Bauknecht to design an automatic performance measurement system for a new type of washing machine. In 1986, during the Domotechnica fair in Cologne - the largest and most important in the sector - the German appliance manufacturer exhibited on its stand the automatic quality control system developed by Loccioni. Thereupon, word of mouth began circulating that would bring the small company into contact with major operators at the global level.

In 1990, the Esino River overflowed, and a meter of water and mud invaded the offices and laboratories. Enrico and Graziella were upset, but did not lose heart, and together with their collaborators, managed to restart operations in just one week. At that time, the challenge was to develop skills and knowledge on measurement for quality control and testing systems. The diffusion of the total quality management philosophy prompted the development of the AEA business. In 1991, the company designed the first automatic testing system for a production line for Magneti Marelli, thus marking the transition from bench testing to line testing. However, in the same period, the electrical systems market contracted, which also affected General Impianti. Not wanting to close down operations and lay off staff, Enrico decided to invest in developing industrial automation and information and communications technology (ICT) skills to design telecommunication networks.

In 1986, together with his wife Graziella (who followed the administrative and financial side), he participated in a management training course organized by Confindustria (the association representing Italian companies) of Ancona. This course strengthened his desire to work for large corporate clients, create a stimulating and merit-based work environment, and collaborate with excellent research centers. Those years gave birth to his conviction of not wanting to produce serial products and instead focus on designing control systems tailored to customers.

In 1992, he constituted a new company, Summa, with the goal of designing the enterprise's future, in other words, anticipating the evolution of customer needs and the best ways to meet them. Summa offered numerous services in support of the business units: managing research projects and technology transfer, designing training programs, serving as incubator for new businesses, analyzing new markets, researching and negotiating funding, and, more generally, taking care of relations with the outside world.

The collaboration projects with the academic and research world would produce significant results. In 1996, the collaboration with some partners and European universities - including the Polytechnic University of Marche - gave rise to the Medea project, financed by the European Community, aimed at implementing the first automatic quality control system for household appliances through the analysis of vibrations. Two years later, thanks to the European Commission's research support, the *Builtech* project was launched to explore the management of renewable energies and to optimize energy consumption.

The company continued to grow in the new millennium. In 2008, Loccioni designed the *Apoteca Chemo* automated system that prepares chemotherapy drugs, avoiding operator

errors and risks for patients. This project gave rise to *Loccioni Humancare*, a team focused on generating healthcare innovations. In the same year, the enterprise established *Blu Solutions*, which provides solutions for the acoustic inspection of liquid petroleum gas (LPG) tanks.

The environmental monitoring activity, launched years before, generated numerous new initiatives. In 2008, the enterprise created the *LEAF Community* - the first eco-sustainable community in Italy - and *Loccioni Energy*. In the same year, the *LEAF House* was inaugurated: a building of six apartments that, thanks to the use of various renewable energy sources and storage systems, has zero ecological impact. In 2013, the enterprise realized the *2KM of Future*<sup>®</sup> project, a public-private project with which Loccioni secures and enhances the stretch of the Esino River that runs alongside the company. The project transformed the river from a threat to a resource that contributes to the production of energy for the micro grid that connects various Loccioni buildings. At the beginning of the new millennium, the first foreign companies were established – i.e., Loccioni USA (2009), Germany and China (2012), Japan (2017), India (2019) - to develop the business abroad.

Today, the company designs and builds measurement and control systems for companies operating in various industrial and service sectors. The development of innovative solutions is fostered by an open innovation model that integrates the skills of the company with those of customers, suppliers, research centers, and other stakeholders. Customers are large leading companies in their target markets. The range of activities is global, as evidenced by the projects implemented in 50 countries.

Over time, the company has significantly expanded its size and the number of business units (BUs) with which it operates. Growth and diversification are the result of systematic investments aimed at exploring new technologies and satisfying new markets. Loccioni invests in research through two organizational units with different orientations and objectives. The Research and Development (R&D) unit is oriented to the medium term with the aim of identifying new applications of known technologies to satisfy new customers or the new needs of existing customers. The Research and Innovation (R&I) unit is oriented towards the long term with the aim of developing new measurement instruments or technologies in advance of customer needs.

In 2019, Loccioni operates in eight business areas: (i) mobility, which designs and implements automation, measurement, and quality control systems for automotive components; (ii) energy, which develops solutions for energy production, management, and monitoring to improve efficiency and reduce the environmental impact; (iii) environment, which undertakes analysis and monitoring systems for air, water, remediation solutions, and the reduction of the environmental impact of industrial plants; (iv) industry, which develops automation and testing systems for various industrial sectors (e.g., household appliances, agribusiness, pharmaceuticals); (v) medical, which develops innovative systems and tools for the measurement and quality control of healthcare processes; (vi) train and transport, which creates systems for safety and innovation in the railway sector; (vii) aviation, which leverages Industry 4.0 technologies in the aerospace sector; (viii) electronics, which deals with the issues of measurement and control in electronic components. All the business areas are linked

by the measurement skills aimed at quality control, by the management philosophy, and by the company's values.

In 2019, the company achieved a turnover of around €120 million (€24 million in 2000) and a net profit of €16 million. In 2019, the company has 450 collaborators (206 in 2000), about half with diplomas and the other half graduates and PhDs. While staff turnover is low, the entry of numerous new collaborators keeps the average age relatively stable at 33 years. Table 1 summarizes the Loccioni company.

### **Enrico Loccioni and Graziella Rebichini**

The company has been led from the beginning by the entrepreneurial couple Enrico Loccioni and Graziella Rebichini.

Graziella was born in Angeli di Rosora. From her father Desiderio, who was a merchant, she learned hard work, humility and respect for money, especially if earned through hard work. From her mother, Teresa, she learned the sense of family, caring for people, and determination. After secondary school, she lived for five years in Turin, in Palazzo Barolo, where she attended a convent school and learned accounting. The experience gained in this much-loved city increased her sense of the beauty and aptitude of self-management. She then returned to her native town and her parents' home. When she met Enrico, Graziella was 20 years old and worked in the administration office of a company in Osimo, which she decided to leave to support her fiancé in his enterprise. During Enrico's military service, Graziella took care of the company's management, overseeing its accounting and financial flows: she visited customers to create a relationship of trust or solicit the payment of invoices, negotiated price increases with grace and firmness, oversaw relations with suppliers and banks, administered with competence and common sense the many activities and contacts initiated by Enrico.

In 1973, four years after they met, Enrico and Graziella were married. In the following years, Maria Cristina and Claudio were born. The children grew up in a serene and harmonious environment, where work was at one with private life. The children did their homework and played in the company premises, work projects were discussed at home even at the dinner table. All this took place without force and with the desire to grow the family and the company in the best way possible, namely, the "extended family", which includes the collaborators who gradually joined the business.

As a couple, Enrico and Graziella were united both in the family and in work. The spouses embodied different, but complementary, business visions. Enrico's main objective was to create knowledge and work in his territory. For him, every commission represents a challenge and an opportunity to develop new functional knowledge to procure new work and skills in the future. Enrico is a visionary and an optimist who constantly looks at the projects to be carried out without paying too much attention to the operational details. In his philosophy "between doing and not doing it is always better to do, maybe getting things wrong", because making a mistake is the best way to learn. Between "going ahead and stopping, it is always better to go ahead", because those who stop risk losing opportunities. When decisions are

made, it is better to favor “optimism over pessimism, proactivity over cynicism, spontaneity over conservative rationality, openness over closure”.

His passion and energy are contagious. One day he invited Luigi Bacci, the general manager of Banca Popolare di Ancona, to visit the firm so as to lay out his dream and how he intended to accomplish it. Bacci, although he did not understand what the company was doing and what the entrepreneur’s dream was, granted him the loan because Enrico had seemed very determined and able to implement his project.

Graziella, profoundly convinced of Enrico’s ability to “look far ahead”, trusted him completely and supported him with her own activities, favoring economic-financial analyses and careful control of investments and costs. Her main objective was to prevent the cost structure from becoming too expensive and, as a result, slow down the company’s future development or deteriorate the familial relations that characterized the work environment.

Thanks to her drive, curiosity, and great practical sense, the company paid great attention to costs and, over the years, developed increasingly advanced planning and control tools. Tools that promoted the company’s growth without stiffening the decision-making model. In the entrepreneur’s words:

*They are all fundamental tools that have made us grow greatly, but they are tools, they are not tables of law, nor defined programs. I always repeat to my collaborators that the most interesting part of the budget is the unwritten part, the surprise of the unexpected new customer, of the new project born thanks to the courage to accept a challenge. The budget is nothing without what I call ‘the replacement tables’, plan B, secret resources. (Varvelli & Varvelli, 2014: 96–97)*

Enrico and Graziella shared the fundamental goal of creating new work so as to never have to tell a collaborator that there was not enough. This was their priority, because as they say in the Marche dialect “*la miseria non se sparte*” [loosely meaning poverty cannot be shared]. However, if for Enrico this meant developing new skills, new customers, or new business models, for Graziella it meant carefully monitoring the economic and financial dimensions. For this reason, when they had to evaluate the size of an investment, they always took opposite positions: for Enrico “it was never enough”, for Graziella “it was always too much”.

Agricultural life had taught Enrico that working in conditions of uncertainty was inevitable and requires being ready to question everything, both in times of crisis and success. The dialectic between Enrico and Graziella, between vision and practicality, between the socio-cultural and economic-financial dimensions, between “the things that count and those that are counted”, between the right hemisphere of emotionality and the left hemisphere of rationality, always led to good choices, fueling the company’s growth and allowing it to overcome some difficult moments.

Apart from some character differences, the spouses shared the values and passion that are at the heart of the Loccioni enterprise: love for the territory and respect for its traditions, striving for continuous improvement, the desire for a simple and hardworking life, and the sense of a united and strong family. Both were aware that, as Don Luigi Bernabei used to say,

“we are all tenants on this earth, we don’t take anything away with us, but what we can do is leave things a little better than we found them”. In Enrico’s words:

*I have always shared the same values with Graziella and integrated with her at work, in a dialectic union between development and control, between spending and saving, between profit as an end, for her, and as a means, for me. This is how it worked for forty years in perfect unison; we created an extraordinary balance between the business-family and the family-business. (Bartocci, 2013: 24)*

However, Graziella’s contribution to the company went beyond controlling the costs and financial flows. From the beginning, she nurtured the values of the “extended family” dedicating - in moments of joy and in those of pain - great attention to their collaborators, “our kids” as she always called them. Her contribution went beyond the organization of family events, the use of the corporate offices as a playground for the children, the celebration of birthdays, marriages, and marking the births of their collaborators’ children. It also meant leaving a little surprise on their desk, exchanging a word at the end of a long working day, organizing an unexpected snack like on that hot summer day when she organized a van full of ice cream. She was always convinced that their “kids” were exceptional for the energy and determination they put into their work. In her view, the company could not but be a big family:

*Seeing children and youngsters with a smile in their eyes, living a work environment with respect and rectitude is something that fills me with joy and affection. Everyone brings a little bit of their life and gives it to others, just like in a family. (Loccioni, 2015, 5)*

In March 2015, on her birthday, Graziella suddenly passed away in the night. Her parting was very difficult for all the family, collaborators, and friends of the firm. However, everyone made even more effort than before to put into practice her teachings transmitted over the many years of her discreet, welcoming, and active presence. Her presence is still felt strongly today, not only thanks to “her kids” but also to newcomers who, despite not having met her personally, have come to know her through the many initiatives organized every year in the month in which spring begins. These are activities that the company and the family plan in the same spirit with which Graziella created some initiatives for their “kids”: the joy of the surprise of a small gift, the desire to learn from competent and experienced people, the pleasure of appreciating beauty and music. These activities are always held in a constructive, fun, and family atmosphere. Every year, the collaborators’ families, including their children, participate in *Loccioni March*, sharing numerous images and stories, in a spirit that, without lapsing into melancholy or reminiscence, testifies to her lively and strong presence within the company.

### **Loccioni’s Business Philosophy**

Enrico Loccioni’s philosophy was inspired by several entrepreneurs and managers of great standing. Enrico Mattei, also from the Marche region, exemplifies courage and energy, but also the will to put national interests before his own. Werner von Siemens, whose story he

learned from some of Siemens' sales people, represents the will to create a company rooted in the social context, innovative from a technological point of view, and projected towards the future. Aristide Merloni - whom he personally met and collaborates with - depicts the entrepreneur who creates value for his community and promotes widespread entrepreneurship through the creation of new businesses in the surrounding area.

The business model that influenced him most, however, was that of Camillo and Adriano Olivetti. While not having known them personally, he was able to appreciate their values and attitude through using their products (e.g., calculators, furniture), visiting the Ivrea headquarters, and meeting Bruno Lamborghini, a former collaborator of Adriano, and Giorgio Fuà, economist and founder of the Faculty of Economics of Ancona and ISTAO (Istituto Adriano Olivetti, offering business and management courses). The Olivetti business model taught him to pay attention to the market and to the needs of customers, the concept of business as a common good, and the will to improve the lives of people and the community. He was highly impressed by both the father and the son's personality. From Camillo he learned resourcefulness, innovation, vision, and drive; from Adriano, attention to people, and a love for culture and design. His passion for the Olivetti business model was so strong as to push Enrico to publish a series on Olivetti's corporate culture aimed at spreading the values and principles that underpin it.

Enrico Loccioni's business vision was also influenced by the agricultural entrepreneurs that he has known since childhood. From the culture of the tenant farmer, Enrico took inspiration to develop the role of the manager-entrepreneur. The values of the farming civilization merged with and fostered those of the business and the entrepreneur: tradition as a means of transmitting best practices, relations and imitation as the basis for sharing knowledge, trust conveyed with a handshake, the habit of working in the uncertainty of seasons, the strength to start again even after a negative year, crop diversification to reduce risk, thrift and attention to waste, the sense of family and community, insistence, sense of redemption, and so forth.

Finally, Enrico's business vision is the result of meeting many people who enriched him through exchanges of knowledge, information, or relationships. The outcome of these meetings is summarized and cataloged in an archive that represents the wealth of knowledge and relationships accumulated by the entrepreneur from the beginning to the present day. They contain the notes of a lecture or a conference, notes taken during meetings with the many managers and entrepreneurs (including Cesare Sabatucci, formerly in GE, the spouses Varvelli, consultants and trainers, Mario Bartocci, formerly in Merloni, Giorgio Fuà, professor of economics, Bruno Lamborghini, formerly in Olivetti), an article in a newspaper that talks about the Loccioni experience, the letters received from the parents of collaborators, a note from the elementary school teacher or the parish priest, company photos and business cards received. This kaleidoscope of encounters and experiences is a heritage and a memory that contribute to nurturing - even today - Loccioni's business philosophy. In the words of Enrico:

*Not having a technical background, I never really enjoyed exploring the specialized aspects of the projects. I preferred to dedicate myself to the transversal ones, delegating the technical part to collaborators who have more sophisticated skills*

*than mine. While other entrepreneurs did not hire graduates for fear of having their jobs stolen, I hired graduates and engineers to carry out more complex projects. I'm always inclined to meet people I don't know, because confrontation makes you grow. All the meetings held since 1992 are recorded in my archive. Every once in a while, I reread my notes to remember and recombine the different knowledge and insights I have matured on each occasion.*

Enrico Loccioni's business culture was born from merging the previous business models, the rural tradition of the Marche region, and the numerous encounters along his life. A culture centered on people, innovation, and the territory. These values characterize the shareholders, managers, collaborators, and all Loccioni stakeholders. The numerous awards and recognitions that both he and the company have received testify to the scope of activities in the cultural, social, and civil field, as well as business excellence with reference to the working environment, technological innovation, and projects for the territory (see Table 2).

Enrico Loccioni is an entrepreneur who is proud of his autonomy, which allows him to work without the influence of politics or finance. Like Olivetti, he is strongly convinced that companies cannot put profit before other corporate values. His main hobbies are outings on his Harley Davidson and trips abroad to visit universities and companies of excellence. At the heart of his business philosophy is always the person.

*Since I was a child, I have developed a passion for establishing positive relationships with people. This passion is the result of the rural environment in which I grew up, but also of the teachings of some people like my grandparents, the parish priest, and the elementary school teacher. They won my attention by mixing education and teaching with fun. From this experience, I developed a predisposition to create a positive relationship with people who have a story to tell. Especially with the elderly, whose history and experience can provide great lessons for youngsters.*

## **The Loccioni Principles and Values**

### *The Company Vocabulary: Enterprise, Manager, and Collaborator*

In Loccioni, some words normally used in other companies are banned. The word “factory”, which is associated with manual and repetitive work, is replaced by the word “enterprise”. The enterprise defines the scope of the project to be implemented and the artisanal dimension of work, which allows collaborators to apply both creativity and commitment, and understand the complexity of the project.

The word “boss”, which indicates authority and hierarchy, is replaced by “manager”, who listens to and motivates collaborators. In Loccioni, the only “boss” is the customer, because only by satisfying his/her needs, can the company create value for people, the territory, and itself. In Enrico's words:

*At the heart of the project is the only real boss we have, the customer, who pays all our salaries. Nothing of what we do would be possible if we didn't have customers who appreciate and remunerate our work.*

Instead of “employee”, a person who works for a company and awaits orders from the boss, “collaborator” is used, a person who brings knowledge and skills to contribute to the development of a project. Already in 1996, in the “Mondo del Lavoro” magazine, Enrico expressed his desire to hire “intrepreneurs”. He had understood that in a company oriented towards innovation and meeting customer needs, collaborators must be intrepreneurs, that is, people endowed with the skills and the spirit of initiative necessary to achieve the objectives. Collaborators are shareholders of their work: they must accumulate skills and knowledge that will be used to generate entrepreneurship within or outside the company. An intrepreneur has four fundamental abilities: 1) knowledge, that is, owning the knowledge necessary to do a job; 2) knowing how to do, that is, how to apply this knowledge in a useful and practical way; 3) letting others do, that is, knowing how to delegate and lead a team of people who work in a coordinated way; and 4) passing along, that is, able to understand and communicate the value created by the team.

### *The Charter of Values, the 12 Golden Rules of the Winning Team, and the Four Higher Principles*

Loccioni has always worked on the formalization and communication of its identity. This is one of the activities carried out by Summa that in 1992, in collaboration with the training couple Lombardi-Varvelli, produced the first Charter of Values (see Box 1) and the 12 Golden Rules of the Winning Team (see Box 2).

The Charter of Values identifies and communicates the six fundamental values of the company’s culture: listening to anticipate, initiative and intelligence, flexibility and adaptation, innovating to innovate, transparency in communication, energy and willingness. The values are the constitutive elements of Loccioni’s identity. They guide and direct the behavior of collaborators, combining working in autonomy with achieving team objectives. The values are intended to stimulate in collaborators those behaviors - based on respect for people, proactivity, mutual trust - that promote teamwork and encourage the creation of tailor-made solutions for customers. Finally, the Charter is a useful management tool for the selection and evaluation of collaborators.

The 12 Golden Rules of the Winning Team are intended to foster the team spirit needed to identify solutions to complex problems and to coordinate different activities in parallel. Consistent with the Charter of Values, the 12 Golden Rules emphasize concepts such as person centrality, meeting customer needs, collaboration and teamwork, winning mentality, continuous improvement, the search for the best solution, flexibility.

In 2006, Enrico realized that the evolution of AEA and GI had led them to operate in very different markets: the former designed systems for large multinational groups, the latter for small businesses operating in the local area. To reconcile the businesses, Enrico decided to launch an envisioning project - coordinated by an external consultant, Franco D’Egidio, with a track record in such projects - aimed at defining a common vision and mission for the various business units. This is how the vision “Loccioni. The open company. The choice of the best in the world”, and the Loccioni mission “We transform data into value” were born.

At the same time, four Higher Principles were defined that integrate the 1992 Charter of Values and guide the value creation process (for customers, the company, the people, and the territory). These principles are:

- Responsibility, which means taking charge of the future and of the trust we are offered, in the knowledge that everything we do has consequences.
- Imagination, which includes various concepts (e.g., curiosity, openness, anticipation, creativity) and means having the ability to dream, to see the unseeable, to be co-creators, to participate in building the future and the realization of the dream.
- Energy or pro-activity (i.e., initiative, courage, motivation), which means having enthusiasm and passion, courage and motivation, the desire to do and overcome obstacles.
- Tradinnovation - a neologism coined by a university student during a company laboratory, which means building on tradition, on listening, and on experience, to project ourselves into the future and continually innovate.

Those visiting Loccioni are struck by the sense of hospitality and openness to the outside that characterizes the environment and the people. At the entrance to the buildings, there is no concierge, no documents to leave, and no badges to collect. Visitors are greeted with a smile to make them immediately feel at ease. The peacocks, the crowned cranes, the Indian blackbird, the squirrel, the ducks, the big oak, over 800 trees, and the vegetable garden are symbols of love for the land and for the people.

### **Entrepreneurship and Territory**

According to Enrico Loccioni, the wellbeing of companies is linked to that of the territory, and consequently, they must evaluate their success by also measuring the number and quality of relationships built in the territory. That is, companies must develop an innovative business culture according to which the value produced must be invested in projects aimed at nourishing the wellbeing and beauty of the territory. Since the beginning of his business activity, driven by this conviction, Enrico has started numerous collaborative projects with schools, institutions, customers, partners, and local suppliers.

#### *The Training Projects*

The training projects are numerous: *Vivaio*, *Bluzone*, *FormIn*, *Project Internship*, *Virtual Class*, *GOL*, *Open knowledge*, *Summer and Sons*. These projects have been developed at different times and have given rise to an ambitious training program. For this reason, they have different targets and objectives that partly overlap.

The company pays great attention to the training and selection of future collaborators: a team follows the training of youngsters and graduates, 50 tutors (*vivaisti or nurserypersons*) support students to facilitate their learning in the company, and finally, a software allows the careful management of the training process.

The *Vivaio* project, formalized in 2015, fosters the convergence between school and work to improve the training of students who have characteristics consistent with Loccioni's expectations. The ultimate goal is to expand the potential business by improving the skills and professional profiles of potential collaborators. In a first phase, the company selected the schools (elementary, middle, and high) of interest, that is, those located within a distance of 30-40 minutes from its headquarters. In a second phase, Loccioni designed and provided coding, robotics, and precision farming (digital farming) laboratories for training elementary and middle school teachers. The objective is to identify and develop, together with the selected teachers, the skills of the most deserving and curious students.

The *Bluzone* project carries out training projects involving *Vivaio* students at the company. Through this, Loccioni organizes orientation activities, hosts internship students, and starts projects in collaboration with higher education institutions and universities. High school students are hired through a project involving school-work alternation in the summer, and subsequently, a six-month internship (for those with diplomas) with periods of learning in the classroom and at work. At the end, they will have acquired skills as mechatronic technicians and are hired with a fixed-term contract that can become permanent. University students (80% from STEM (Science, Technology, Engineering, and Mathematics) courses and 20% from economics, managerial, and humanistic courses) are also included in an alternating school and work program, which at the end provides a six-month internship (for graduates).

These training projects allow students to learn about the world of work and to manage real projects before completing their studies. In this way, they can choose their career path with greater awareness. At the same time, the company selects and trains candidates who have the appropriate skills and personality to work successfully within it. In 2019, the company involved over 300 diploma and graduate level youngsters in the project. This apparently high number is, however, insufficient to cover the demand for diploma holders or graduates from Loccioni. The company itself hires about 20 diploma holders and 20 graduates a year.

With *FormIn*, Loccioni seeks to bring together school teachers (elementary and middle), consultants, and managers with the objective to develop tools and training models aimed at facilitating the integration of young people in the firm. With the *Virtual Class* initiative - offered annually - the company offers classroom training and the possibility of carrying out a project for about 30 students from four ITISs (State Industrial Technical Institutes) in the area together with high school students. *GOL (Grow On Loccioni)* instead offers a group of selected university students the opportunity to participate in a training course that includes - in addition to financing university studies - training activities and the realization of a project (under the supervision of a tutor). The *Open Knowledge* project co-finances PhD students in various disciplines (e.g., engineering, law, economics, philosophy) to develop new knowledge about research paths of interest to the company. During the *Summer and Sons* week, organized each summer, the children of collaborators participate in training and recreation activities in the firm.

The company also offers training and support services - illustrated in the *Start your company* brochure - to all collaborators who intend to develop activities on their own. Thanks to this

project, Loccioni has helped give birth to over 100 business initiatives, some of which still collaborate with the company.

Finally, in 2018, Loccioni expanded its training activity by publishing the book “Il ladro dei numeri” [The Thief of Numbers] written by Norberto Patrignani, Mirella Mazzarini, and Daniela Cappelletti. The book aims to support the training process “From coding to digital wisdom” that Loccioni has undertaken for several years together with teachers from various schools in the area.

### *The Environmental Protection Projects*

Loccioni has been defined as an eco-centric company, or a company that intends to carry out activities that improve the surrounding area. The company receives commissions from all over the world and carries them out locally, generating new job opportunities with a high content of knowledge. With the project *The Art of Hospitality*, the company selected the best accommodation, food, and wine facilities within a 10km radius from the headquarters, so as to allow their guests to experience the best traditions of the local hospitality and cuisine. In this way, the traditions and excellence of the territory become a resource to be shared in order to promote the continuous flow of visitors from all over the world. In fact, it is not uncommon for customers and suppliers who have been company guests to return to the Marche Region for a holiday with their families.

The environmental measurement and control activity, together with the commitment to the territory, have generated several interesting initiatives. Consider, for example, the *LEAF Community*, an open-air sustainability laboratory, which led to designing the *LEAF House*. The model is based on the sharecropper farmhouse, a self-sufficient and sustainable community. The *LEAF House* has 1,200 sensors that measure electricity consumption, the air, light, and temperature in the rooms, activate or deactivate appliances based on predefined programs. The house reuses rainwater for sanitary and irrigation purposes, and for many months a year, produces more energy than it consumes. The *LEAF House* experience has made it possible to improve comfort and reduce the energy consumption of the company's other buildings.

These projects and the collaboration with an innovation designer and philosopher (Giorgio Di Tullio) gave rise to the *LEAF Meter*, which provides the ecological footprint of the building in real time. This system has been used by the Marche Region headquarters and many other companies in the area that have undertaken the sustainability path with Loccioni. Thanks to continuous investments, *the Leaf Community* is now a micro-smart grid, the only one of its kind in Italy, which collects and analyzes data, and manages energy flows between the various Loccioni locations, aiming for zero CO<sub>2</sub> emissions and energy independence.

Another emblematic example of this approach is *2km of Future*<sup>®</sup>, the project born in 2012 to secure and enhance the 2km riverside area of the Esino River that had flooded in the 1990s causing serious damage to the firm. *2km of Future*<sup>®</sup> is a design laboratory that unites the public (Marche Region, Ancona Province, Civil Protection, and 5 municipalities) and private sector in order to generate value for the territory. The project is an example of social

innovation: the private sector finances the investments in publicly-owned land and, like the sharecropper, collects the fruits of its labor (i.e., hydroelectric power and biomass), making the area safe and valuable, returning the 2km river section to the community.

With this project, Loccioni brought the river back to its original position, cleaned it up, and reinforced its banks and bridges. At the same time, it has boosted the river's history and the biodiversity of the local flora and fauna. Finally, Loccioni created a laboratory for measuring the level, height, and power of the river, and shared the data with local administrations and civil protection to prevent future hydrogeological disasters.

*2km of Future*<sup>®</sup> was selected by EXPO Milan 2015 for the Home of Italian Identity – The Strength of Limits exhibition at Palazzo Italia, and by ADI Index 2015 for Italian Design excellence in the Design for Social category. The 2068 Pedestrian Bridge (the only pedestrian passage over the Esino River), designed by architect Thomas Herzog, was selected and displayed among the Arcipelago Italia projects in the Venice Biennale in 2018. Again with Herzog, a masterplan was devised aimed at promoting the social and economic growth of the territory and the company. During its implementation, Thomas invited Enrico to observe the company from the surrounding hills in order to better understand that the river and the territory are an integral part of the business.

### *The Entrepreneurial Projects in the Territory*

In 2017, the company promoted, together with Bruno Garbini and the Fileni group, the ARCA (Agriculture for Controlled Environmental Regeneration) project, which aims to enhance organic and conservative agriculture to facilitate the regeneration of soil. The agricultural products obtained from these techniques are sold to the consumer or used to feed a quality-certified livestock supply chain. In this way, consumers support a circular economy that produces healthy products and regenerates the soil.

To be able to achieve such a challenging goal, the three entrepreneurs (Loccioni, Garbini, and Fileni) founded a benefit company, involving farmers from the Esino, Musone, and Misa-Nevola valleys, setting up a scientific committee and a laboratory of sustainable, measurable, and technological agricultural practices to which the Aaster consortium (Land Development Agents) and some universities and research centers (Marche Polytechnic, Camerino and Udine Universities, and Rodale Institute of Pennsylvania) contribute to varying degrees. In the words of Enrico Loccioni, there is satisfaction in creating value for the territory:

*I was lucky enough to be born in this beautiful land, from which I gathered the values of the monastic and sharecropping culture that I applied in these 50 years of business. Now let's return these values to the earth, applying technologies, innovation, energy efficiency, and network intelligence.*

Another project for the enhancement of the territory concerns the San Clemente valley. It aims to repopulate and revitalize the valley area and valorize the Benedictine Abbey of Sant'Urbano, which is located in the center of the valley. In 2017, Loccioni and the municipality of Apiro (owner of the Abbey) signed a private-public partnership agreement aimed at enhancing the historical asset of great artistic and cultural value and its

surroundings. The project foresees both the recovery of the Abbey, the accommodation facility connected to it, the primary school in front, and the buildings used as stables. These places have high emotional value for Enrico, as his mother's family lived in the Abbey and he attended elementary school right there. The words of Mayor Ubaldo Scuppa illustrate the scope of the cultural project:

*The Abbey is a common good and, with the new management, it will remain faithful to its nature of excellence of and for the territory. But alongside this activity, other values will develop over time, bringing schools and neighboring stables back to life with events, training workshops, scientific meetings, re-enactments of tradition, and other routes with which to nurture work, entrepreneurship and innovation.*

### *The Publishing House*

The company's development and its particular business model have increasingly shaped its "cultural" role. In quite a natural way, it advanced from the production of marketing material (brochures, case histories, etc.) to the creation of small volumes to tell the stories of people, relationships, and projects that have made a difference and may be examples for future development.

From this, the step to creating a publishing house was short. Desiderio Editore aims to offer an unprecedented look at the issues of good entrepreneurship and management, to share the methods and values of their internal experiences and those of others.

Among the first editorial projects was the Quaderno di Cultura Manageriale [Notebook of Managerial Culture], a compendium of the training courses that the Lombardi-Varvelli training couple has experimented with and developed in over 30 years of work with the company. Through the codification of 30 managerial concepts in chapters, summary sheets and videos, the lessons of the great Turin trainers are now available to Loccioni collaborators and anyone who wants to develop his/her potential, increasing the vitality of the company and being a place of personal and professional growth.

### **Future Challenges**

The entrepreneur intends to lay the foundations for the future development of the company. His desire is to see Loccioni continue to thrive and grow in accordance with the current values and identity.

A first critical issue concerns the generational handover. In the Loccioni case, Enrico and Graziella's two children - Cristina and Claudio - are both graduates, had previous professional experiences outside the firm and only thereafter joined the company. Cristina holds a degree in economics, a Master's degree in Small and Medium Enterprises from SDA Bocconi, worked for five years for D&G in Milan, and was president of the young entrepreneurs of Confindustria Ancona. Within the company, she manages the activities that her mother had previously taken care of: she follows the administrative and financial side, and nurtures the family warmth. In her words:

*I follow my mother's example: I analyze the business figures, I collaborate with the purchasing team and the personnel team. But above all, I create the same family atmosphere that she nurtured in a simple and direct way: I participate in the main events of our collaborators (such as weddings and births), I organize training pills (during lunch breaks or after 6 pm), I welcome visitors, I take care of the park, I plan several initiatives. I dedicate the same care and generosity to the company that each of us dedicates to our family.*

Claudio graduated in mechanical engineering, worked in the Netherlands in the medical sector, and later, at Bosch in Germany. He joined the company in 2006, and at the same time, started a biomedical research doctorate from which the *Humancare* project was born. He is currently acquiring transversal experiences within the company. He is optimistic about the generational handover:

*We are planning a generational evolution, not a generational change. Generational change assumes a handover from father to son, while in a generational evolution, the child enters the company and deals with management areas other than those of the father.*

Another great challenge for the future is to preside over and disseminate the current corporate culture. Enrico does not currently foresee any critical issues, but is aware of the fact that if this aspect is not taken care of, there could be risks. For this reason, the company continuously generates initiatives to stimulate collaborators to look to the future with confidence and curiosity. As Maria Paola Palermi, Head of Communications, stated:

*The Noi siamo 2068 [We are 2068] project is intended to stimulate collaborators to design the next 50 years. It is a project that is part of the initiatives on the theme of corporate culture. We organize a series of meetings with all the collaborators - divided into small groups - to stimulate reflection on the future. At the same time, we draft a document that presents the values of the company and its business model. In 2018, instead of celebrating the 50th anniversary of the foundation, we focused on the next 50 years to understand how this company can continue to generate work and value in this area in 2068. We are convinced that the greater awareness of the philosophy and corporate culture will have a positive impact on the future.*

The *Noi siamo 2068* project includes various activities such as classroom discussions on the corporate culture, a tour of the San Clemente valley, the *LOV* (Land of Value) agricultural enterprise, visits to the Sant'Urbano Abbey, a snack together. The 21 meetings organized between May and October 2017 were attended by 489 collaborators, 20 guests, and 30 partners. The results of the project are summarized in a book that contains not only the company vision, mission, and method, but also the message that the collaborators put into the capsule projected towards 2068 (see Table 3).

**Table 1. Loccioni in synthesis (2018 data)**

<p><b>People</b></p> <ul style="list-style-type: none"> <li>• 450 collaborators</li> <li>• 50% with diplomas</li> <li>• 50% graduates (3.4% PhDs)</li> <li>• 33 years average age</li> <li>• 5% of the cost of staff dedicated to training</li> <li>• 7,000 hours of annual training</li> <li>• 1,000 students hosted in orientation each year</li> </ul>
<p><b>The income statement</b></p> <ul style="list-style-type: none"> <li>• €120 million of consolidated turnover</li> <li>• 80% of turnover from abroad</li> <li>• €6 million net profit</li> </ul>
<p><b>The group</b></p> <ul style="list-style-type: none"> <li>• 45 countries of export</li> <li>• 3 locations in Italy</li> <li>• 5 foreign subsidiaries (Washington-USA, Stuttgart-Germany, Shanghai-China, Nagoya-Japan, New Delhi, India)</li> </ul>
<p><b>Research</b></p> <ul style="list-style-type: none"> <li>• 5% of turnover invested in research</li> <li>• 10% of employees working in research and innovation projects</li> <li>• 7 European research projects</li> <li>• 23 patents on research projects</li> </ul>

**Table 2. The main awards and recognitions that Enrico Loccioni and his company have received**

<b>Enrico Loccioni</b>
1985-2009: Honorary Knighthood, Officer, Commander, Grand Officer, and Knight of the Order of Malta
2004: Honoris Causa Degree, University of Camerino
2004: “Federichino” Award for Corporate Culture
2005: “Gentile da Fabriano” Award
2007: Ernst & Young “Entrepreneur of the Year” for “Quality of Life” Award
2008: “Imprenditore Olivettiano” Award
2008: “Marchigiani dell’Anno” Award
2008: “Cavaliere della Crescia” Award
2015: “Cavaliere del Lavoro” Award
2018: “Caffè” Award
2019 Enrico Loccioni is a #Greenhero according to actor Alessandro Gassman and “La Stampa” for the Leaf Community project
<b>Loccioni company</b>
2002-07: Best Workplaces Italia ( <a href="http://www.greatplacetowork.it">www.greatplacetowork.it</a> ) for the excellence of the work environment

2007: “Valore Lavoro” Award as one of the ten best “Good Business Practices” of the Marche
2003: First place in the national competition “IC Impresa e Cultura”
2005, 2008, & 2009: Finalist of the Sodalitas Social Award in the categories “Internal Social Responsibility Processes” and ”Sustainability Initiatives”
2008: National Instruments Award for the “Best Automotive Application Forum”
2008: “Green Engineering Application of the Year” Award - Austin Texas (Mexus)
2008: “Innovazione Amica dell’Ambiente” Award
2009: “LABEL” Award for language training
2009: “Orientagiovani” Award of Confindustria
2010: National Award for innovation
2010: “Environment Business” Award of Legambiente
2010: “Ruben d’Honneur of European Business” Award for the Corporate Sustainability category
2010: “Grand Design Etico International” Award
2015: Flumen project selected by EXPO Milan for the Italian pavilion
2014-15: Third place in the climate survey “Great Place to Work”
2015: 2 KM DI FUTURO® selected as Italian excellence at EXPO2015.
2016: MIUR (Minister of Education, University and Research) award the recognition as Campioni dell’Alternanza Scuola-Lavoro.
2017: BOSCH SUPPLIER AWARD. Loccioni among the 40 best world suppliers.
2018 ADI DESIGN INDEX (2017 - 16 – 15 – 14 – 13 – 12 - 11).
2018: Deloitte best Managed Companies Award.
2018 Targa Caffè for enterprises that create something special for their community.
2018 the pedestrian bridge 2068 selected and exhibited at Arcipelago Italia at the Biennale di Venezia

**Table 3. Noi siamo 2068**

1. The company is a social good that generates work, wealth, and identity in the territory. It is not just a private good, but a common good: there is no company without the territory, no territory without the company.
2. The company is a cultural good that transmits and disseminates the founding values.
3. The company is an economic good that reinvests its profits in work. Profit is a duty of the company ( <i>from profiting = to doing</i> )
4. Work is for people to realize their identity and happiness. People are the greatest value.
5. Innovation is a behavior, not a fulfillment.
6. The whole company is customer oriented. The customer is our work.
7. Doing better is our goal. Measuring is our competence. Quality is a consequence.
8. The house style: attention to waste, attention to detail, pride in one’s work, attention to others, kindness, respect.
9. The company is open. Hospitality is a managerial competence
10. The company sows beauty

### **Box 1. The Loccioni Charter of Values**

1. Initiative and intelligence: in other words, being “intrepreneurs” and knowing how to choose the opportunities, internalizing the corporate values, acting quickly and taking responsibility for the actions.
2. Energy and willingness: everything is possible if infused in daily actions: effort, perseverance, tenacity; in other words, if you really want it.
3. Flexibility and adaptability: characteristic elements of a company constantly oriented towards change, which does not impose solutions but continually seeks them in symbiosis with the person who poses the problem.
4. Innovating to innovate: this goes beyond the previous principle to the extent that wanting to find new solutions requires questioning each other and changing one’s convictions, attitudes, and behavior.
5. Transparency in communication: this means relating to everyone, at all levels, with frankness and intellectual honesty, it means dedicating time and energy to understand, and above all, to make others understand.
6. Listening to anticipate: this is a particular characteristic of those who are customer oriented, it does not matter whether they are external or internal; listening especially to the faint noises that if ignored become destructive roars over time.

### **Box 2. The 12 Golden Rules of the Winning Team**

1. Companies are made by people, product, and profit. Without people there is neither product nor profit.
2. The customer is one of us, and it is our target to satisfy his expectations. Our profit is the customer’s profit.
3. Be co-operative to win - otherwise everybody will lose. Who wants to do it "on his own" has got it all wrong.
4. The winning mentality is a result of confidence, respect, communication, self-sacrifice, concentration, education, determination, spirit of enterprise and flexibility.
5. Everyone must be aware of his own attitudes in order to use them to the optimum benefit of the team. To maintain success, you must always strive for self-improvement.
6. The first solution is not (always) the best. The first solution is only the most obvious.
7. The achievement of the team is more than the sum of the individual efforts. Here 2+2 means 5
8. The secret is being able to derive opportunity from adversity and challenge.
9. Problems are not resolved by seeking blame, which would only worsen the situation. Emphasis should be placed on searching for solutions.
10. The team leader is at the service of the team, respects the colleagues and promotes their professional growth.
11. Confidence is a winning tool. Pessimism promotes failure. When you start doing something, always do it to win.
12. In a winning team the roles and rules must be respected. The team proves its collective

intelligence by changing them at the right moment.

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