

Milan-based Ri.Ma Group is a global leader in the sales of agricultural machinery parts, particularly to developing nations. Mauro Sartirana ,

Sartirana: Sowing International Seeds

GLOCALIST LEADER

Interview by Antonio Barbangelo

vice president and operations manager, explains how the company rose from modest roots to extend its operation and sales to more than 60 nations

“I first met a foreign supplier when I was six. My father handed me off to a flight attendant for a two-week vacation to Spain. We had friends there who were connected to the company.” Nearly half-a-century after his carefree boyhood vacation, Mauro Sartirana is vice president of Ri.Ma Group Srl, a leader in the sales of agricultural machinery parts to developing world markets.

He joined the business at 16 and began his own work travel at 20, inheriting the tradition of a family-owned company started by his grandfather Giuseppe in 1938 and maintained by his father Luigi. “In the late 1980s I started traveling here and there hoping to build a distribution network outside Italy,” says Mauro Sartirana. “But really, I wanted to give our customers a face, so they wouldn’t just see us on paper. The experience was useful and fascinating.”

Ri.Ma Group furnishes equipment for combine harvesters, mowers, mixers and other farm-related heavy machinery. Exports now represent 70 percent of the company’s revenue (estimated at €9.5 million in 2008) and spread over 60 countries. The company is based in Settimo Milanese and counts 33 employees in Italy and five internationally. In 2002 it opened a subsidiary in Poland, Polska Sp Ri.Ma Zoo



RI.MA GROUP BY THE NUMBERS

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|---------------------|--|
| Company founded in: | 1938 |
| Sales: | €9,5 million (2008 estimate) |
| Ebit: | 2.90 million |
| Employees: | 38 |
| Foreign branches: | Poland, India, and Austria. Exports to 60 countries |

as well as commercials unit in Austria and India.

Who are your customers?

They are mainly manufacturers of agricultural machinery both in Italy and abroad. We also deal with importers, distributors and spare parts dealers in general.



Corbis, R. Hamilton Smith

Do you differentiate between your Italian and foreign customer base?

In general the answer is "no." Both seek increasingly want high quality at the right price. They also want professionalism from the intermediaries they deal with.

How is your network organized domestically and internationally?

The export headquarters is Settimo Milanese, which is directly responsible for the coordination of all our global activities. The products are distributed through branches, representative offices or through importers and exclusive distributors. Today we have some 1,500-business partners in all five continents. In the Italian market, we have 12 regional agents.

You began working has a young man?

In 1984, yes: I was 16. At the time, the company grossed about 4.5 billion lire annually. I liked school but my sense was that it couldn't give me everything I wanted. I started as a part-time gadfly. They put me in the warehouse, then workshop, and finally I was promoted to the front office. I got to see how the company works and also took foreign language courses at night school.

Who was the driving force?

My uncle Sergio was a partner in the company. He was my patient tutor on the technical side. He harped on product quality. He'd always say, "Better that a customer tell you that your product is good but expensive than to have him accuse you of trying to take advantage of him." My father, meanwhile, taught me about business and gave me my passion for travel.

What happened afterward?

After my apprentice period and learning languages, I took over the export side,

especially English and French-speaking world. My father and uncle speak Spanish and German, the two languages we'd mostly used for our international contact until that point. I also went to Spanish-speaking countries. The first few trips were to South America: Ecuador, Venezuela, Bolivia, and Chile. After that I went to Malaysia.

Who did you meet in South America?

Our clients mostly. Many were Italian farmers who had emigrated a long time ago, or their children. Many were now farmers there. I'd meet with our local representatives and we'd travel different locations to try to understand customer needs, what we were selling, how we could improve on offers. It was a way to better understand the culture and mentality of a country, which is essential if you want to work effectively in foreign markets. I also learned about the workings of the local bureaucracy, their rules, customs, and so on.

For example?

Take Venezuela. To export there you need to get elaborate documentation and carefully prepare your billing. But that's true all over the world.

Where did you go next?

I started attending trade fairs. I worked in North Africa and in parts of the English-language areas of Europe. That was followed by a third phase in the mid-1990s, when I went to Eastern Europe.

Did you find people who helped you out while on these trips?

I most certainly did. I met many gifted people who provided me with valuable suggestions. I call them my "spiritual fathers." These were often people closer in age to my father than to me, people who in a way took me "under their arms" and gave

me compass heading so I'd have a better sense of how I should move in a certain country. Men and women who helped me understand the psychology of a people or ethnic group. Although I'm in a working relationship with most of them, some have actually become friends.

For example?

There's Said, who's been our distributor in Casablanca for 13 years. His family has vacationed with us several times on Lake Como, and he was equally hospitable when we went to Morocco. It was a wonderful exchange of friendship between people of different cultures. There's also Pertti in Finland, one of our Scandinavia distributors. I'll never forget a couple of weeks I spent in his lake cottage, fishing, eating sausages, drinking vodka, and just talking about the ups and downs of daily life. I could mention others.

Do you still travel extensively?

I've always thought that those who are onworking with us and for us need first-hand attention. So yes, I'm still running around world. But since the birth of my two children I've tried reducing the amount of travel. We've tried to recruit people both in Italy and abroad to monitor the foreign operation and report to me. I'm there for them when they need me.

When do they need you?

Usually in matters regarding how to deal with Eastern Europe. When you're starting a new business relationship it's important that the top man goes out to shake hands himself — in Russia or Poland, for example. The respective company presidents and their deputies need to meet in person. In the early stages it's all extremely formal, but that doesn't bother me in the least. On the contrary.

Is it also important to see the means they have at their disposal for agricultural production?

I'd say yes. I love this job because it's still closely tied to the tradition and culture of farming, which puts human relationships ahead of all else. Very often prices, payments and the rest take a back seat to just dealing with the customer. You need to give room to personal relationships.

You mentioned Eastern Europe. It's feeling the strain of the economic crisis, no doubt.

Even with the economic crisis we still see growth prospects in Eastern Europe. After the "tsunami" in recent months, the key is understanding how much and how it will affect the market. Over the past three years, commerce with countries such as Poland, Russia and Ukraine, as with the whole of Eastern Europe, has increased dramatically, in marked contrast with the Western European market, which is saturated.

What's the situation as we speak?

Ukraine is growing. It's up 20 percent compared to 2008. Poland is still a strong good. There are contracts in these areas. The problem is the paucity of private companies, and that banks aren't systematically financing importers.

What's the market date you consider most important?

Looking at 2008 data, 20 percent of our turnover is tied to Spain, 10 percent to Ukraine, 7 percent to Poland and another 6 percent to the Caucasus. Then come Portugal, Greece, Turkey, Finland, Tunisia, Austria, each one with a share of somewhere between 3 and 4 percent.

What about Austria?

We've been present in Austria for 20 years. It's an unusual partnership in that it's renewable every five years. Ri.Ma Group runs global sales of everything produced by Austrian company called Schröckenfux, which was founded in 1540. Every five years we sit down with the director general of Schröckenfux and plan global and after-market sales. Schröckenfux has a long and prestigious history in Austria. It started as a steel concern and part of the company still produces blades and grass-mowing scythes that have an international market.

What are you up to in India?

We began there 1997. A few years ago we got a visit from an Indian gentleman wearing a turban who told us, very simply, "I produce steel goods. Do you think you might be interested?" After a time, the meeting yielded a business relationship, which in turn led us to ask for some products we could sell. That led us to open an Indian sales office with three employees. It checks the products made



in India to ensure they're in compliance with European standards. We also do overall checks on the market and its products. This means making sure production doesn't involve child labor and looking into general working conditions. Finally, there's a quality check before shipment. We get two containers each month from India. The products are stored in Italian warehouses then marketed worldwide.

Taking a step backwards, how did the export business get started?

Contacts with foreign countries began in the late 1950s when we imported German products. Our first exports came in the early 1960s and went to the Mediterranean countries such as Greece, Spain and Turkey. This was the fruit of investments made in Verona's "Fieragricola."

And what about after that?

In the late 1970s we began exporting throughout South America and Australia. That breakthrough came largely because the agricultural sectors in those countries were operated largely by Italian émigrés from Veneto, Sicily, Campania and Calabria and who to some extent preferred to maintain contacts with Italy. We became one of their leading partners. In the 1980s we turned began looking toward Southeast Asia, including Malaysia, Singapore, Indonesia and Thailand. After the fall of the Berlin Wall in 1989 we began looking into Eastern Europe.

What kind of challenges does the ongoing economic crisis pose to your business?

Well, it's affecting the agricultural sector for any number of reasons. Bear in mind that the sale of agricultural machinery has jumped in recent years, particularly in 2008. To meet the growing demand, companies producing agricultural machinery made large investments. In the case of Eastern Europe, for example, the downturn isn't linked to financing on the purchase of new machinery. It comes instead from hikes in customs duties on imports, and in some cases exchange rate damage caused by the strengthening of the euro.

Not a great situation, then?

But there's the other half of the glass. When times are bad in the international economy, the market for components and parts doesn't really change for the worse. Instead of selling new machines we fix the existing ones and wait for better times to replace them. This in part explains why 2009 orders are rising. At the same time, our clients are suffering from a lack of liquidity, which hurts us. Until credit is loosened it'll be hard to get out of this vicious cycle.

So, what's next for the company?

We are thinking of expanding in the Caucasus, which we consider a strategically interesting area when it comes to farming development and equipment usage. Unfortunately, we face more and more competition from Germany, which is way ahead of us when it comes to inter-company cooperation and, more important, has more government support when it comes to exports.