ACENET

ACCELERATING THE ESTABLISHMENT
OF CLUSTERS AND COMPANY NETWORKS

Good Practice on Cluster Management

REGIONE DEL VENETO

EURO INFOCENTRE
EUROSPORTELLO VENETO

Veneto Region
(Italy)

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1 Description of the Veneto Region

1.1 The region of Veneto

For all the last quarter of the century, Veneto's industrial system has been showing a very positive development rate, in many senses high above other Italian regions and most other European regions. The region has exploited a flexible attitude towards enterprises, industrial clusters and network systems. However, globalization and increased competition has also put pressure on the industrial system around Veneto, especially to facilitate an appropriate support system, which puts the issue of clusters/industrial districts in a new focus.

The Veneto is not a physically homogeneous region, occupied for more than half of its 18,300 square kilometres by a fertile plain irrigated by rivers which are navigable for a good part, and then by peaks among the most suggestive in the world and by more than one hundred Km of coastline. The Veneto was unified historically by the political and economic influence carried out for centuries by the government of the "Serenissima Republic" of Venice.

Despite the fact that the Veneto region is a densely populated area with almost no raw materials, where 4,400,000 people are concentrated in an area of just 18,300 square kilometres, yet it has managed to become one of Italy's most important and dynamic economic areas. Bear this in mind when considering the profound transformation that took place in only 20 years (from 1971 to 1991), turning Veneto, previously a region of agriculture and traditional emigration, into a leader in industrial development. In this period, the number of production units almost doubled from 174 to 301 thousand, and the total number of employees grew from 444 to 621 thousand.

The Veneto is one of the twenty regions making up the Italian territory. The region has its own political and administrative structure although enjoying a margin of autonomy somewhat limited by the state administration. Within the Veneto territory there are seven provinces: Belluno, Padua, Rovigo, Treviso, Venice, Verona, Vicenza - and a good 581 municipalities.

1.2 Rationale

What springs to mind as we look at these facts is the recognition of one aspect of the Veneto region - its time-hallowed economic and cultural traditions. From this standpoint, the secrets of the region's success become clearer, including its strong economic performance, which has now made it the hub of what has been called the "North-Eastern development model" in Italy.

There is a big difference between the north, the middle and the south of Italy. While the north and south are struggling with high unemployment, the middle north, and middle north-east in particular, e.g. the Veneto region, has more or less no unemployment. Today, Italy is characterised by different growth rates, which may vary from area to area. For instance, as the north-west is slowing down, and the south has become unable to catch up with international competition, the middle north-east has shown a remarkably better development rate. The secret to this development is to a large extent due to the special characteristics of the industrial districts.

In particular there are three factors that distinguish Veneto districts from other regions in the north and south, and these will be elaborated upon in this study:

1. The new law for districts in Veneto
2. The economic culture for the districts, which is characterised by many SMEs, self organisation and an overlapping of districts.
3. Internationalisation of the districts, where most products are identified with a "Made in Italy" quality brand, e.g. in textile, furniture, leather, fashion and sports.

2 Characteristics of the Industrial Districts in Veneto

One of the most peculiar and successful factors of the Venetian economy are represented by the INDUSTRIAL DISTRICTS, territorial areas characterised by an elevated concentration of small enterprises, highly specialised in a productive section: a system born in a spontaneous way, without a planned strategy. The contribution of industrial districts/clusters to the regional economic performance is huge: for instance, we just remind that the sole province of Vicenza, first Italian province in the pro-capita export list for the year 2000, contributed to the regional economic performance by 50%.

The Regional Council of Veneto has recognized 19 areas as Industrial Clusters in 1999. The greater concentration of industrial clusters can be found along the Verona-Vicenza-Treviso axis, due to the traditional specialisation historically characterising these provinces. The main cluster, as to number of employers working in SMEs, is the textile-clothing district of the Pedemontana, followed by the Area Meridionale cluster. After that, we find the cluster of the wood-furniture of the Sinistra Piave, furniture of the Bassanese and the metal-mechanics of the Schio-Thiene area.
The most famous districts in the region of Veneto are presented in Appendix 2.

2.1 Industry sectors[1]

The Veneto region includes 20% of Italian textile districts, 10% of leather shoe-manufacturing districts, 15% of engineering districts, as well as the main district for eyewear manufacturing in Italy, and perhaps in Europe and the world. These are the official industrial clusters of Veneto, after the modifications introduced by the regional act n.140/99:

1. **Textile and clothing of the Area Pedemontana** (127 communes spread throughout the provinces of Belluno, Padua, Treviso, Venice and especially Vicenza). Area characterised by an elevated concentration of companies working in the fashion field, like Marzotto and Diesel. In this area there are 759 enterprises, with 18,118 workers, making up one third of the entire local manufacturing industry.
2. **Textile and clothing of the Area Meridionale** (127 communes in the provinces of Padua and Rovigo but also Vicenza and, to a smaller extent, Venice and Verona). It consists of two specialised productive systems: the first one is the Alto Polesine-based system, where a local process of entrepreneurial development in the sector of the casual clothing became strong; the second one is the specialised area of furs, based in the southern area of the province of Padua.
3. **Wood and furniture of the Bassa Pianura Veronese** (36 communes based in the provinces of Padua and Verona). The area is specialised in the production of art furniture and employs about 6,300 employees in 1,700

[1] For a more detailed information on each district see Appendix 1.

enterprises; the average number of workers is 4 per each firm; the majority of the enterprises manufacture end products.

4. **Wood and furniture of Sinistra Piave** (52 communes mainly located in the provinces of Treviso, Belluno and Venice). The cluster is specialised mainly in the production of modern furniture in a wide range of styles; this is the biggest furniture cluster in Italy and boasts the presence of large groups like Doimo, Snaidero, Santarossa, Veneta Cucine, apart from many sub-contractors and manufacturers of components and accessories. The Veneto side of the district has 1,500 productive units with 16,300 employees and an average of 11 workers each; the Treviso-based part of the district includes also manufacturers of accessories and components made of metal, glass and plastics.
5. **Footwear of Montebelluna** (16 communes surrounding the town of Montebelluna, in the province of Treviso). The sport footwear sector has been the protagonist of local development and mobilized resources and energies even in the service sector where, due to the pulling boost of the shoes boom, many professional activities and enterprises were born. Around 400 firms produce sports footwear, employ around 9,000 employees and have a turnover of € 1.24 billion. In this area, an historical handicraft tradition of mountain boots manufacturing and an extraordinary innovation capability regarding both process and product live together. More than 65% of the world production of ski boots, 80% of the world production of motorbike footwear and almost 25% of world production of “in-line skates” is realised locally. What’s more, the largest Italian shoe manufacturers for football, cycling, basket, tennis and athletics, cross-country race, snowboard, after-ski boots and ice skates are based here.
6. **Footwear of the Collina Veronese** (11 communes, all based in the province of Verona). The footwear cluster of Verona has 675 firms, taking into account both shoe manufacturers and subsidiary activities, employing more than 6,700 people and producing more than 45 million pair of shoes (almost 49% of total production in Veneto, 10% of Italian production): turnover is around € 1.29 billion per year and 38% of production is for export.
7. **Tanning and engineering of Arzignano** (12 communes surrounding Arzignano, in the province of Vicenza). The tanning cluster, with an annual turnover of almost € 2.58 billion, of which € 1.24 billion coming from export, and 120,000 hides processed every day by 8,500 workers in 770 local units, is one of the biggest concentrations of the tanning industry, due to an industrialization process started in the Sixties. The need to protect the environment, directly linked to the kind of processing carried on in that area, brought firms to introduce advanced technological solutions in their manufacturing cycles that, as a consequence, generated important improvements in the quality of the products too.
8. **Eyewear of Belluno and Treviso** (67 communes, 45 of which located in the province of Belluno and the rest in the province of Vicenza). In the cluster there are 12,000 employees working in 250 enterprises, characterised by a massive industrial component: 150 firms with 11,000 employees. Within the province we can find all the four big firms whose turnover amounts to the 70% of the total for the sector.

9. **Marble of Verona** (20 communes, all based in the Province of Verona). The industrial district of marble in Verona is the first in Italy and in the world. It holds the leadership in international trade: 9.5% of world export is covered by the stones processed by the Valpolicella-based firms. Due to the fragmentation of the market, there are no precise statistical data on the production; however, the overall turnover of the sector in Verona is estimated to be about € 2.07 billion per year.
10. **Jewellery and precious metals of Vicenza** (23 communes in the province of Vicenza). The area of spread of this cluster in this province is quite wide and goes from the chief-town to Bassano del Grappa, and includes a high number of enterprises: more than 1,150 including 860 handicraft firms, with more than 12,000 employees and an annual turnover of € 3.62 billion.
11. **Footwear of the Brenta** (11 communes along the river Brenta, 8 of which in the province of Venice and 3 in the province of Padua). Today the footwear manufacturing units of this district are about 720, with 9,000 employees for a value of € 0.38 billion, and the typology of their products consists mainly of female shoes.
12. **Pottery of Nove** (in the commune of Nove, Vicenza) The strong attitude to entry international markets finds its evidence in an export volume figure of € 157 million (data 1999). The most skilled regional areas, like the cluster of Nove and Bassano, export about the 60-70% of their turnover in Europe, America and Asia. Overall, it is a specialised system competing on the quality field, product innovation and customer service and gets the resources to defend its image of leadership on the market from its own tradition and capability to renew itself continuously.
13. **Glasswork of Murano** (in the circumscription of Murano, within the commune of Venice). Today the binomial glass-art keeps on characterising Murano, with an on-going effort from local entrepreneurs to maintain and strengthen quality image and levels, thus creating enterprise service tools, like some consortia specialised in the promotion, commercialisation and joint purchases of raw materials, and giving birth to the quality label “Vetri Murano”. Currently, the enterprises of the sector are about 260, mainly handicraft companies, with 2000 employees, while the export share is 35% over the total production.
14. **Roundabout of the Polesine Occidentale** (6 communes in the province of Rovigo). In the far west side of the province of Rovigo, bordering Lombardy and Emilia-Romagna, one manufacturing worker out of five builds roundabouts or elements necessary to their realisation. The handicraft component, among the roundabout companies of Polesine, is important: about two thirds of the settlements have more than 500 employees in the sector.
15. **Maritime works of the Lagoon and the Coast** (10 communes: 7 in the province of Venice and 3 in the province of Rovigo). This system consists of 102 local units, employing more than 800 people. The productive specialisation index of the overall fish processing activities (fish processing activities employees/manufacturing industry employees rate) would reach 12.0% for the entire area, 9.4% for the communes of the province of Rovigo and 18% for the commune of Chioggia.

The sub-clusters

1A **Engineering of Schio-Thiene** (part of the industrial cluster n. 1 and includes 31 communes in the province of Vicenza)

1B **Furniture of Bassano del Grappa** (part of the industrial cluster n. 1 with 29 communes, 24 of which in the province of Vicenza and the rest in the province of Treviso)

2A **Agro-food and fishing industry of the Delta del Po'** – Chioggia (6 communes in the delta area between the provinces of Venice and Rovigo)

4A **Engineering of Conegliano** (12 communes in the province of Treviso)

2.2 Objectives

The regional government have pointed out some problem areas and bottlenecks for economic development in the districts. In general, there is:

- a lack of communication between support actors and SME's.

- a shortage of labour in the region.

  Many districts are marked by labour intensiveness. As the economy is growing, there is also a growing labour demand; this has implied three problems for companies in the region:
  a) increased labour costs,
  b) production is relocated to low cost countries, or
  c) firms are closed down.
  These risks points to technological development as a critical factor for the region, making it possible for companies to stay in the region and being competitive on the world market.

- A growing requirement of developed infrastructure.
  Since the industrial districts are seen as a focal point in the industrial system of Veneto, and since they are facing a tough future due to harsh international competition, there is a consensus that they have to be strengthened by governmental intervention.

2.3 Support organisations[2]

The industrial districts are mainly constituted of SMEs. Many districts also have a district organisation taking care of lobbying and common interests of the companies in the district.

[2] For detailed information on the activities of the Chamber of Commerce, and short information about other support organisations, see Appendix 4.

The districts are mainly supported by membership fees and funds from the Chamber of Commerce. However policy making bodies, such as Regione Veneto also plays a vital role in the economical development of the districts. Other important organisations are the research organisations (4 Universities and several Science Parks) as well as a number of other special agencies (Eurosportello Veneto etc).

Industrial districts are today seen as a fundament in the economic development of the Veneto region and the heart of the industrial system in the region. Since the regional industry is facing a tough future due to harsh international competition, there is a consensus that the economic development have to be strengthened by governmental intervention and that the industrial districts are the proper target to aim the support.

3 "Hot topics" – Success factors

3.1 Law system concerning industrial districts

On a national level

Clusters/industrial districts are recognized by Italian law since 1991. The national act n. 317/91 "*Interventi per l'innovazione e lo sviluppo delle piccole imprese*" (Interventions for innovation and development in small enterprises) art.36 defines a district as a *"territorial area characterised by high concentration of small enterprises having a productive specialisation and where a special relationship between local population and enterprises exists".* The same act specifies that a decree will set the criteria to be adopted by Regions in order to define districts, taking into consideration the opinion of the Regional Unions of the Chamber of Commerce.

This decree by the Ministry of Industry, 21/04/93, declared that clusters have to be identified among the local labour systems set up by ISTAT (National Institute for Statistics) and have to be manufacturing clusters both in terms of population and units. The criteria are:

INDEX (based on labour local systems ISTAT 1991)	**THRESHOLDS**
1. Manufacturing industrialisation (total employees/total manufacturing industry employees)	30% more than the analogue national average
2. Manufacturing industry entrepreneurial density (manufacturing local units / resident population)	Higher than the national average
3. Productive specialisation (specialised sectors employees/total employees)	30% more than the analogue national average
4. Specialisation intensity (local units employees in specialised sectors)	30% more than the manufacturing employees of the local labour system
5. Employees small enterprises in the specialised sector	50% more than the manufacturing employees of the local labour system

This framework of laws enables Regions, once districts are identified, to fund innovative projects concerning more enterprises on the basis of a programme contract signed with local industrial consortia.

In 1997, the law n. 266/97: “Urgent interventions for economy” makes possible additional funding to districts. Art.3 opens up for funding up to 70% of total expenses for computer and telecom innovation in districts. Art. 7 facilitate additional funds to industrial consortia in order to promote innovation and technological development, management and administrative improvement. This law is important because, for the first time, the financial instruments needed to promote real policies for districts, are given. However, as the transfer of competencies and financial resources to the Regions got stronger and stronger (especially with law n. 112/98 called ‘Bassanini Law') this tool progressively lost its importance.

Even if it is up to the regional law to determine whether an area is a district or not, such an operation has to be done according to the national framework act n.317/91 and act n.140/99 (see below). Three-quarters of Italian regions have provided for an official acknowledgment of industrial districts so far (13 of them by 2002) and just three of them started intervention programmes. The funds granted were quite scarce (12 mio Euros as a maximum amount). Nevertheless, local administrations found other ways and used other tools in order to fund district policies. Regions financed the activities of the "service centres", small agencies specialised in making clusters' productive systems more dynamic. Communes equipped industrial zones or built the sewage and washing systems. Trade unions settled industrial relations in a non-conflictual way. Employers' clubs and Chamber of Commerce took care of professional training of workers and development of common services (fairs, transports). The local administration filled that gap left by the central government by making use of EU, national and regional funds. Local banks gave support to small entrepreneurs.

The national decree n. 79/99 “Decree to free electric energy market” gives consortia the possibility to sign contracts with energy suppliers in order to get lower prices. Art.14 defines these consortia as units consuming at least 30GWh and located in the same commune, bordering communes or an area defined by a Regional Act. The importance to define such areas became a priority, as groups of SMEs could create consortia in order to pay less for their energy.

Most important, however, was the national law n. 140/99 - “Law concerning productive activities”. The law partially reforms the national law n.317/91, replacing the criteria of decree 21/04/93 with a more flexible approach. In detail the law implied that:

a) “local productive systems” are defined as homogeneous productive areas characterised by a high concentration of enterprises, mainly SMEs;

b) local productive systems are renamed “industrial districts” characterised by a high concentration of industrial enterprises and the productive specialisation of systems of enterprises;

c) intervention guidelines in industrial districts are re-defined; with this act, regions provide for the identification of productive local systems – and, among them, of industrial cluster – and the funding of innovative and development project concerning them.

Even though the differences between regions are large, they decided to maintain some common criteria in order to identify clusters. They gave birth to a Coordination Meeting on 21 October 1999, where such criteria were set up, as follows: 1) maintain the specific feature of each cluster 2) use as general indicators the criteria set up in Decree 21/04/93 3) update the quantitative indexes of the Decree to 1996 ISTAT data, taking into consideration a range including the productive contexts of North, Centre and South of Italy. 4) take into consideration also qualitative indexes for Southern regions 5) stress that local labour systems are not exhaustive as territorial contexts of reference.

Law system in the Veneto Region

Italy is slowly turning into a federal state and, therefore, regional and local administrations are getting more and more powerful, while the central government is transferring competencies and resources to regions, provinces and communes. The national act n.317/91 transferred the programmes to develop clusters to the regions; however, the same act sets very complicated statistical criteria in order to identify clusters that would be eligible for interventions. In practice, the regions can officially recognize as districts just those labour local systems (or employment basins) having sectorial specialization indexes and micro-enterprises density indexes that are far higher than the national average. Such tough limits generated many problems, as the cluster phenomenon is a very complex one and cannot be described by using a statistical table.

In 1999 Veneto region employed the new national law n. 140/99 concerning industrial districts. The D.C.R. (Decree of the Regional Council) n.79/99 (same number as the national law!), based on national law n.140/99 recognised 15 clusters and 4 subclusters in the region.[3]

Veneto region is now about to draft a new law system on industrial districts, planned to harmonise all small laws concerning districts and funding. It is being discussed at the Regional Council at the moment and is expected to be enforced before the end of this year. The new law will alter the criteria determining a district from the idea of a geographically limited industrial district to a common purpose-oriented productive district. In particular, to be approved as an industrial district the district has to have:

- at least 80 companies with together at least 250 employees;
- a focus on innovative products;
- companies that show a history of joint R&D and/or production.

Territory and product focus are consequently not enough any more, joint projects between companies are now necessary. The law enables companies belonging to a district to apply for financing as a group and therefore stimulates cooperation

[3] For detailed information on the clusters, see chapter 2.1 or the Appendix – Veneto district by district

between SMEs to participate in joint R&D projects. The district of the future will not have a series of specialized companies at its basis, but will be based upon a strategic plan, which means it:

- might include different geographical areas sharing a common activity;
- could influence delocalisation activities;
- would push both the public and private sector to play as a team, thus fighting against an excess of individualism, a long-lasting ‘disease’ of the area.

In this process, a reformation of the role of support organisations in the regional structure for innovation and technological transfer will be emphasized. Special attention will be given to facilitate a deeper involvement of technical and professional schools. The new law-system will focus on 4 areas:

1. Research
2. Promotion
3. Training
4. Infrastructure

Another positive effect of being determined as a district is the creation of a "district committee", a local headquarter for discussing local industrial policy with all the partners involved. Anyway, public funding can never be more than 40% of total investments and beneficiaries are not the single SMEs but rather consortia between enterprises or the district system as a whole. At a political level, the most significant aspect is the acknowledgment of a different policy favouring districts. The advantages cannot be thought in legal terms but rather in terms of image, cooperation, psychological attitudes, sharing of know-how and so on. From a legal point of view, the important thing is the acknowledgment of a well-known productive area as a district. Such a fact may draw attention and resources, as a consequence, but there is not a cause-effect relationship from a legal point view. Funding will be given case by case on a project basis.

The industrial districts are seen as an intermediary organisation to facilitate both communication and a harmonisation of support actions to companies. The region will fund each project (case by case, on a project basis) up to 40%, if approved; the rest will be financed by local bodies and, above all, private investors. This idea has the advantage of putting an end to public support carried out too far from its root - indiscriminate incentives, predetermined budget for funding etc - and avoid any bureaucratisation of the system. In this way, the knowledge and understanding of the needs and function of clusters will develop over time.

A new financial tool will be used to fund these projects, the so-called “Rotation Fund”. It will replace to a large extent the current system, based on sunk capital, with a sum of money immediately lent to an SME, that will give it back to the regional public holding, managing the fund, within some years and without any interest rate. The loan will also help SMEs to cut down the interest rate on the money they get from the banks.

This new draft of law is approved by the Regional Board (regional government) and was submitted to the Regional Council (regional parliament) in September this year. It is the result of a series of preliminary meetings between all the parts involved, steered and coordinated by a group of university professors and SMEs representatives.

The new draft aims at getting over the distinction between local productive system and industrial district, introducing the new concept of productive district including a range of economic activities potentially wider than the sole manufacturing sector.

3.2 The economic culture in the districts

It is obvious that the Veneto model has not sprung up out of nothing. It is based on a heritage of ten centuries of self-government by the Republic of Venice, where factors such as entrepreneurial spirit, cooperation and self-organisation have been concretely demonstrated by the Veneto's highly specialised industrial districts.

The Veneto region was for long solely a rural area with a strong rural tradition and culture. When the industrial revolution came, the same people with the same buildings and infrastructure started the industrial development. Therefore, the district culture with small businesses and cooperation became the normal way of doing business even in industry.

A fundamental element of Veneto’s development is the fact that there is a large share of SME’s in the region. Around 90% of all firms are SME’s, whereas 95% of these have less than 15 employees. This has fostered an exceptional entrepreneurial culture in the region, as well as a natural cooperation between firms, especially in the “industrial districts”.

Another unique aspect of the Veneto districts is the so called “self organisation” culture. The economy in Veneto has developed naturally without any specific governmental intervention. For a long time they have been able to cope on their own, and when support has been given, it has been a bottom-up rather than a top -down approach to how strategies for support have been formalised by public administrations. Public interventions have been focused on fixed investment initiatives, giving R&D incentives, stimulating entrepreneurial development etc, but have not been of a systematic character.

A district has traditionally been defined as a conglomeration of manufacturing companies in a geographical homogeneous area specialised in the same sector. However the government has a more open attitude towards definition of districts and promotes self-definition rather than predefined ones. Every year surveys are performed to analyse districts. Analysed are topics such as IT diffusion in districts, outsourcing of production, flexibility of workforce and the localisation of the supply chain.

The results of these analysis showed that there was not a high diffusion of IT. The presumption was also that the flexibility should be higher in districts than in average, however that was also not the case. Rather, workers seemed to be long term contracted and stable in their jobs. This “inflexibility”, or stability, rather showed to be one of the crucial success factors for the districts. Regarding outsourcing and the process of internationalisation, the results confirmed that the districts in Veneto showed high delocalisation. A lot of firms outsourced a large part of their production to Romania.

If the rationale behind self-organisation can be transferred, it is possible to replicate experiences of one district to another, especially then it might be more likely that districts that “go abroad”, rather than multinationals, produces spin-offs to local firms.

The secret behind self-organisation lies in the fact that districts are more a cultural and geographical thing than an economic one! That is, systematic economic support is not the key to district success, but the facilitation of making companies taking advantage of inherent growth factors in the district seems to be more successful according to the theory of self-organisation. Therefore the study of success- and growth factors in districts are of utmost importance to understanding how to best support the development of districts.

3.3 Internationalisation of the districts

The Veneto is historically a frontier region, it doesn't border on other countries yet is the most important access port to eastern Europe, it is the southern terminal, with an outlet onto the Adriatic, of one of the most important European commercial axes, it is an obligatory crossroad for the important ways of communication going from west to east and from north to south on the European continent.

For ages Veneto had based its economy on commerce with the Orient and on agriculture. Then, some two centuries ago, having lost its autonomy and having to reckon with a backward agricultural system, the region knew periods of poverty and subsequently was obliged to turn to emigration. Instead of changing industrial direction, the traditional “handcraft” industry in Veneto managed to renew the way they did business and managed to increase the export content of their production.

Most of the industrial districts in Veneto are highly export oriented.[4] The whole region benefits from the globally renowned brand “made in Italy” or “Italian design”, which is a symbol of quality and fashion. The districts in Veneto have managed to stand strong in the international comparison due to high competitive standards for both costs and quality, constant innovation of products, and marketing strategies based on customers' needs.

Also the economic culture (described in the section above) helps in making the industry globally responsive. The load-bearing structure of the Veneto economy is represented by the small and medium-sized enterprises, which form a widespread and capillary web of business interests all over the territory characterized by great flexibility and a remarkable speed of initiative and response to the demands expressed by the world markets.

[4] For facts on export see respective district in Appendix 1 or in the export facts for Veneto in Appendix 5.

Appendix

Veneto district by district

Textile and clothing of the Area Pedemontana

The textile industry has spread throughout the entire Region of Veneto, and that's why the selection process of the clusters, based upon the 317/91 act, led to choose two industrial areas covering a large territory: the textile and clothing cluster of the Area Pedemontana and the textile and clothing cluster of the Area Meridionale. In the surroundings of Vicenza, however, and more precisely in the area of Schio, Thiene e Valdagno, we can spot a limited area characterised by an elevated concentration of companies working in the fashion field, like Marzotto and Diesel. In this area there are 759 enterprises, with 18,118 workers (ISTAT, Intermediate Census, 1996), making up one third of the entire local manufacturing industry.

Textile and clothing of the Area Meridionale

The settlements of the southern and middle Venetian plain have been traditionally represented as suburban areas or, at least, as transit areas. In fact, all the local systems located along this belt have demonstrated potential levels of industrial development lower than the central and foothill areas.

The lack of access links, the poor infrastructure network and the very scattered structure of settlements, but also the presence of still vital agricultural enterprises can partially explain the difficulty to start-up a significant industrialisation process.

In the area of Rovigo, the role of agriculture has become, at least partially, the basis for industrial initiatives in the domain of the preservation and transformation of the products. In the belt of the intermediate plain – including not only the southern province of Verona, but also the southern areas of the provinces of Padua and Vicenza – the traditional agricultural activities have been progressively superposed by some specialised productive clusters, in particular in the clothing sector. However, the features of these late industrialisation processes seem to point out a pattern of development where local enterprises mainly play the role of suppliers of the main enterprises located in the central areas. Although some of these areas can comply with the "official" criteria chosen to select the industrial districts, we are talking here of mass production, whose relation with the market is mediated by enterprises and groups based elsewhere. Only two specialised productive systems are an exception to this pattern of depending specialisation: the first one is the Alto Polesine-based system, where a local process of entrepreneurial development in the sector of the casual clothing became strong, thus setting itself free from a poor quality sub-contracting role; the second one is the specialised area of furs, based in the southern area of the province of Padua . In both cases, even though these productive systems are not particularly relevant as to quantity of production, their entrepreneurial growth was accompanied by investments in the design and direct marketing domains, thus favouring a local accumulation of know-how representing, today, an important competitive advantage.

Wood and furniture of the Bassa Pianura Veronese. Wood and furniture of the Sinistra Piave

The Italian furniture industry has conquered important positions in international markets during last years. Currently, Italy is fourth in the world as to value of production (10% of world total) after the United States, Japan and Germany; and it is the first country as to export (23% of world total). Italy has a very high bent for export (45%), especially if compared to its main competitors such as Germany (18%), Japan (2%) and the United States (6%).

The competitive scenario of the Nineties is characterised by:

- entry into the market of new manufacturers that are based in countries where salary is low;
- reduction of domestic consumes and raise in the characteristics of demand's variability;
- concentration processes in the distributive sector.

Italian products offer prices that are lower than the ones from traditional competitors such as Germany, but in last years other producers, located in countries with low salary, arose on the world scene and put into discussion the traditional advantage of Italian companies. The new competitors are based in the Far East (China, Malaysia, Indonesia, Korea), in Eastern Europe (Poland, Czech Republic, Slovenia) and Latin America (Brazil and Chile). While these countries base their advantage upon the availability of natural resources (wood), the US, Japan and Germany build their success on the huge dimension of their domestic market.

On the opposite, the Italian market is not very large, but offers high levels of sophistication that made enterprises qualify their productive offer by their exclusive design, key element for the success of a national enterprise today.

The Italian distributive system is characterised by a high number of independent small points of sale. Over a total of 22,000 units, about half of them has an exhibiting surface of less than 200sqm. In last years we can note a growth in the presence of the large distribution groups that, between 1992 and 1997, raised their market share from 2.5% to 13%. This development in large distribution, destined to accelerate in the future, implies a reduction in the contractual power of producers. That makes enterprises change their strategies, even by adopting policies of vertical integration downstream (like franchising, for instance) that can be interesting for large groups only.

In the presence of this new competitive scenario and relevant changes in demand, the national productive structure and especially the Veneto one were able to reorganise themselves and modify the more traditional strategic behaviours by:

- acquisition processes aimed at the enlargement of the offer range and the obtainment of economies in the commercial and financial field, that brought to the setting up of groups of enterprises, even small ones, with the consequent concentration of significant shares of production; that phenomenon appears particularly relevant in Veneto;

- technological innovation aimed at the automation of the productive process and the improvement in the quality of the product, with a consequent raise in productivity and enlargement of the offer linked even to the introduction of new materials;
- more attention to the design and the strategies of customisation of the product and customer service, with reduction of answer timing and introduction of more sophisticated information systems and quality system.

According to the data of the Census 1996, in Veneto the manufacturing units in the wood-furniture industry are about 13,000 and employ 74,000 people, that is the 20% of national employment. Almost all enterprises are small and, in fact, enterprises with more than 20 employees are only 650, that is the 5% of the total.

Between 1991 and 1996 the regional furniture industry increased its employment rate by 4%, a trend which is the opposite of the national one, that shows a decrease of 4.3% in employment rate. The growth of enterprises with more than 100 employees is particularly high. In Veneto they generated an increase of 16% in employments and in Italy they are the only ones to generate an even small increase in employments of 5.3%.

Productive growth in the furniture industry occurred above all in the domestic market and to the prejudice of the national producers. Currently, we estimate that the regional production amounts to 30% of the Italian production. Veneto-based enterprises show a bent for export that is lower than the national figure and they increased their sales on international markets by a lower rate, if compared to the national level. Between 1990 and 1998 the national export of the furniture and wood sector increased by 128%, while the Veneto one increased by 93%. On the opposite, imports, especially of wood, raised by a rate higher than the national one in Veneto.

The main country of destination for our export, with a share of 21%, is Germany. France, USA and UK do follow. In total, these four countries cover half of the Italian sales on foreign markets. With a share of almost 30% over the national furniture manufacturing rate, Veneto is the most important Italian region in that sector. The regional industry is specialised in the production of kitchens, a sector representing 42% of the total turnover of enterprises, versus a percentage of 16% at a national level. Treviso is in the first place in Italy as to number of employees and includes more than one third of the manpower for that sector. Other important provinces specialised in furniture at a national level are Verona, Padua and Vicenza. A feature of the Treviso-based sector is a relevant presence of enterprises with more than 100 employees giving a job to the 16% of the entire workforce, versus a regional average of 9%, a percentage similar to the national one. That territorial distribution depends upon the presence, even in Veneto, of local productive systems concentrating about 40% of workers in the regional sector.

We can locate three areas specialised in furniture in Veneto:

the cluster of **the Sinistra Piave in the Treviso province**, linked to the Friuli area of the Alto Livenza in the Province of Pordenone; the cluster, including two provinces, is specialised mainly in the production of modern furniture (kitchens, living-rooms, sitting-rooms, bedrooms, offices, etc.) in a wide range of styles; this is the biggest furniture cluster in Italy and boasts the presence of large groups like Doimo, Snaidero, Sanatrossa, Veneta Cucine, apart from many sub-contractors and manufacturers of components and accessories. The Veneto side of the district has 1,500 productive units with 16,300 employees and an average of 11 workers each; the Treviso-based part of the district includes also manufacturers of accessories and components made of metal, glass and plastics. Statistically, they belong to the glass, engineering and plastics sectors;

the cluster of **Bassano in the province of Vicenza** is specialised in the manufacturing of art furniture, with special reference to the Italian 'poor art' furniture industry boasting about 2,400 employees and 350 enterprises with an average of 7 workers each. Many of them produce end products;

the cluster of **Cerea Bovolone in the Bassa Veronese** is specialised in the production of art furniture and employs about 6,300 employees in 1,700 enterprises; the average number of workers is 4 per each firm; in that district also the majority of the enterprises manufacture end products;

the cluster of Casale di Scodosia in the province of Padua is specialised in the production of art furniture, similar to the Verona one also in the figure, with 480enterprises and 1,800 employees.

Footwear of Montebelluna

The area of the sports footwear of Montebelluna is a highly integrated system, inserted in a relatively small territory, homogeneous and well shaped from a functional point of view (eleven communes laying around Asolo, Pederobba, Montebelluna in the northern part of the province of Treviso. Montebelluna is known worldwide as a footwear centre.

The cluster includes 15 communes with a total surface of about 320 square kilometres and a little bit less than 100,000 inhabitants. The sport footwear sector has been the protagonist of local development and mobilized resources and energies even in the service sector where, due to the pulling boost of the shoes boom, many professional activities and enterprises were born. Around 400 firms produce sports footwear, employ around 9,000 employees and have a turnover of € 1.24 billion. But Montebelluna can not be defined as a mono-cultural area in the strict sense of the word (only 18% of the working population is employed in footwear manufacturing). In this area, an historical handicraft tradition of mountain boots manufacturing (at the beginning of the century, in the sole centre of Montebelluna there were more than 200 handicraft shops) and an extraordinary innovation capability regarding both process and product live together. Such an innovation capability, for instance, brought to the re-conversion of entire production lines and the international success of Rollerblade ("in-line skate") or to the Geox case. As a complement to the local footwear sector, a rubber and plastic materials sector developed, with great results from the point of view of applied research. Since some years local firms, thanks to the renown of their brands, have started manufacturing sportswear too. By exploiting a very specialised niche, the system guaranteed – on some segments of the market – a situation of quasi-monopole at a world level: the production , in fact, is mainly for export. More than 65% of the world production of ski boots, 80% of the world production of motorbike footwear and almost 25% of world production of “in-line skates” is realised locally. What’s more, the largest Italian shoe manufacturers for football, cycling, basket, tennis and athletics, cross-country race, snowboard, after-ski boots and ice skates are based here.

During last years, some important international corporations entered that market and joined the local family-owned firms, thus starting a concentration and merging process: such a presence had as a consequence the acquisition of historical brands and the opening of new research centres. But, sometimes, the opposite phenomenon occurred, when local enterprises bought foreign brands.

Shortly: Benetton acquired Asolo (mountain boots) as well as Nordica, the local firm leading the world market of ski boots; the US-based Nike bought the local Canstar (a less known brand having a key role in the domain of plastic injection mould to manufacture ice and “in-line” skates); as far as ski boots manufacturers are concerned, Tecnica (local firm) absorbed Think Pink (clothing) and the German Lowa; the French firm Rossignol took over local Lange and Caber; Salomon bought Rover first and then San Giorgio; the Head-Tyrolia-Mares group incorporated historic brands like Munari and San Marco by merging with local Brixia. In the same way, different kinds of organisation of labour can coexist and combine themselves together: medium-sized manufacturing units, apparently structured according to Taylor’s classic theories; a wide spread of small handicraft enterprises, characterised by an extreme specialisation and high quality of their professional work acting as pro-active sub-contractors; lastly, the outsourcing of some important segments of the productive cycle (among other things, consulting and computer science services, logistics, goods storage and transport).

Since the first years of the Nineties the internationalisation process of some segments of the cycle has started here too: the manufacture of low quality products (low cost sports footwear and standardised accessories) moved towards Eastern Europe and South-East Asia. That’s what occurred so far, due an expansive trend that helped the system avoid any major crisis. The concurrent processes of productive delocalisation and industrial concentration started by the international majors brought to a decrease in the number of employees working in the footwear sector in last years. The ingredients of Montebelluna success are a mix of tradition and technology and the presence of a valuable subsidiary sector consisting of specialised sub-contractors. Therefore, while part of the manufacturing process of the simplest products is moving towards Eastern Europe or the Far East, the production of more complex shoes (ski boots, motorbike, cycling) is attracting foreign manufacturers to Montebelluna. Recently, an international Surveying Institute on Fashion and Consumes has been set up which will permanently monitor the emerging trends. The four promoters of the initiative are the National Chamber of Commerce, the National Employers Association and the two Handicraft Associations, but they expect businessmen themselves to take part in and boost this new structure as soon as possible. A first cooperation project has already started with the Future

Concept Lab, that realised an analysis of the sector compared to the styles and trends taken by their network monitoring 40 town all around the world.

Footwear of the Collina Veronese

The footwear cluster of Verona has 675 firms, taking into account both shoe manufacturers and subsidiary activities, employing more than 6,700 people and producing more than 45 million pair of shoes (almost 49% of total production in Veneto, 10% of Italian production): turnover is around € 1.29 billion per year and 38% of production is for export.

Until some years ago, the footwear area included the most part of the northern province of Verona and the urban belt of the chief-town as well: in 1981 in that area there were around 800 enterprises and 10,000 employees. Today just the local system of San Giovanni Ilarione, giving a job to about 1,500 people, that is more than half the total manufacturing employment figure for the local system, can be considered as a cluster. The not particularly high quality level of the local production – due to a specific competitive strategy oriented to exploit cost advantages mainly – made that area particularly open to international competition. So, when the crisis hit the area, the scarce rooting of skills and entrepreneurial resources in the territory (the industrial density index is one of the lowest among industrial clusters) did not give the necessary capabilities of reaction to local enterprises, and the cluster has started a decline that seems very difficult to stop.

Tanning and engineering of Arzignano

The current light engineering area of the Alto Vicentino coincides with one of the original “cradles” of the first industrialization in Veneto, that is the wood processing industry. That sector (mainly located in the areas including Schio, Valdastico and Valdagno) will not be analysed in this work because, although it has been characterised by deep restructuring processes, is still organised according to the principles of the big industry. Take, for instance, the case of Marzotto and the average data of 60 employees per local productive unit. Besides that historical settlement a machinery manufacturing sector developed, after a first stage when it was still linked with and subsidiary to the wood industry. The sector includes about thirty communes in the outskirts of Caldogno, Dueville, Breganze, Thiene, Malo e Schio. The sector employs more than 10,000 people in total (20% of the regional total figure), distributed in more than 500 local units. Amongst them, more than 300 firms are classified as “handicraft enterprises”. That homogeneous cluster area offers further territorial specialisation within it: the area of Breganze is specialised in machinery manufacturing for the agriculture, the Malo area manufactures tool machines, Thiene is well known for its chemistry machinery, food industry and wood processing; lastly, Schio produces machinery for the textile-clothing industry.

The tanning cluster, with an annual turnover of almost € 2.58 billion, of which € 1.24 billion coming from export, and 120,000 hides processed every day by 8,500 workers in 770 local units mainly based in the Chiampo Valley, from Arzignano to Chiampo, from Montebello Vicentino to Montorso to San Pietro Mussolino, is one of the biggest concentrations of the tanning industry, due to an industrialization process started in the Sixties. The need to protect the environment, directly linked to the kind of processing carried on in that area, brought firms to introduce advanced technological solutions in their manufacturing cycles that, as a consequence, generated important improvements in the quality of the products too.

Eyewear of Belluno and Treviso

The Province of Belluno, entirely lying on the area surrounded by the Alps, has a surface of 3,678 square kilometres, that is 20% of the Veneto Region; it has 211,353 inhabitants with a pro-capita income of € 17,508, there are 15,819 enterprises, unemployment rate is 4.4% and in the first semester of year 2000 it has shown an export growth rate of 20.4%, if compared to the first semester of 1999.

The cluster coincides with the territory of the Province of Belluno: the Cadore area, historical origin spot and still an area characterised by high entrepreneurial density; Agordino, seat of the first firm in the world list, Longaronese, Alpago, Feltrino. In the cluster there are 12,000 employees working in 250 enterprises, characterised by a massive industrial component: 150 firms with 11,000 employees. Within the province we can find all the four big firms whose turnover amounts to the 70% of the total for the sector. First of all, Luxottica owned by Leonardo Del Vecchio, with a turnover of around € 2.17 billion for the year 2000 and 4,100 employees just in the Dolomiti area. After the acquisition in 1999 of the American brand of sunglasses Ray Ban, the Agordo-based group has almost doubled: since then, around 1000 people have been hired. Safilo, at the end of the last year, gave a preliminary figure for their turnover of around € 0.62 billion, thanks to the products commercialised with the Gucci brand with whom they have a deal. De Rigo will get a revenue of almost € 0.52 billion, after they took over some commercial chains in the UK and Spain. Marcolin will get a little bit less than € 0.13 billion.

These companies can face the new challenges of the world market, due to their retail shops chains, their stocks quoted in the list (Luxottica has been listed in the Milan's Stock Exchange since December, after being listed in Wall Street, while De Rigo announced his group would be listed in Piazza Affari within 2001) and their alliances with the majors of the fashion industry, acquiring more and more shares of the Belluno-based firms (Prada and De Rigo, Armani and Luxottica, Dolce & Gabbana and Marcolin). In the meantime, foreign trade is on the rise. According to Anfao data regarding the first semester of year 2000 and the sole frames – that is the eye-glasses – the export increased by 14,4%, raising from € 0.29 billion to € 0.33 billion, while imports increased by 28.3%, reaching € 0.07 billion from € 0.05 billion. Boom (+90.7%) in the export of sunglasses, grown – from January to June 2000 – from € 0.19 billion to € 0.37 billion, while the import increased by 89.3%, raising from € 0.04 billion to € 0.08 billion for the current year.

The situation of small enterprises is different: they are not big names and they do not own eyewear chains to directly sell their products, unlike their larger competitors. What's more, the lower segments, but not only, of their products must stand a strong competition from China and the Far East, where the cost of labour is very low. Pre-processed frames come often from those regions to be finalised here, thus allowing the firms to label them with the “Made in Italy” brand. Therefore, in order to avoid competition and confusion, manufacturers and craftsmen, in cooperation with the Chamber of Commerce, are going to launch the quality protection label called “Glad”. All small and medium eyewear entrepreneurs may will to join Occhialitaliani, an Assindustria company that has put 32 firms together so far (950 employees and a turnover of € 0.09 billion). The company will take care of the promotion, evaluating the possibility to buy trade channels and have deals with stylists.

Marble of Verona

The industrial district of marble in Verona is the first in Italy and in the world. It holds the leadership in international trade: 9.5% of world export is covered by the stones processed by the Valpolicella-based firms. Due to the fragmentation of the market, there are no precise statistical data on the production; however, the overall turnover of the sector in Verona is estimated to be about € 2.07 billion per year. The economic data show a turnover figure decreasing by 7% in volume and around 4% in value.

But the period between 1997 and 1999 shows an increase in revenues of 2% analysing a sample of 68 firms belonging to the Verona cluster.

The main markets are Europe (with 142,223 tons exported in 1998, with revenues of € 85,46 million and in particular Germany (with 74,252 tons exported in 1998, corresponding to a little bit more than € 45 million); besides, Asia (with 129,035 tons exported in the same year, for an amount of € 65,58 million), Americas (with 72,463 tons for an amount of € 62.11 million), Oceania (3,962 tons equivalent to € 3,78 million) and Africa (2,585 tons equal to € 1.1 million).

During the first nine months of 1999, according to the data of the Survey Office of the Internazionale Marmi Macchine Spa, the value of national export decreased by 5.3% if compared to the same period of the previous year, and the province of Verona featured a decrease of 6.1% in value (and 7.3% in quantity). The value of export for Verona has been € 0.4 billion. In the year 2000, according to first estimates, the export of the entire Italian marble industry increased by more than 13% in value compared to 1999.

Jewellery and precious metals of Vicenza

Along with Valenza Po’ and Arezzo, Vicenza forms the Italian “golden triangle”, being specialised in the domain of goldsmithery and a less important presence in jewellery.

The area of spread of this cluster in this Veneto province is quite wide and goes from the chief-town to Bassano del Grappa, and includes a high number of enterprises: more than 1,150 including 860 handicraft firms, with more than 12,000 employees and an annual turnover of € 3.62 billion. Unlike other areas, the particular feature of the Vicenza-based jewellery, that is the manufacture of “chainware”, involves high productive volumes and, therefore, along with handicraft firms, we can find many medium enterprises. The Vicenza goldsmithery system, that can relies on solid supporting structures as to services and commercialisation, has a strong presence on foreign markets, and above all the richest ones such as Middle East, United States and Japan. These markets get more than the 60% of the manufactured goods.

The productive dynamics of the sector favoured a development by sections, highlighting patterns of cooperation between firms, if we think that at least 35% of them work exclusively or partially as sub-contractors, or they are firms specialised in a particular phase of the manufacturing process. The high local concentration of large firms supplying technology and services represents a further key element for the genetics of the sector.

Footwear of the Brenta

The footwear tradition of the Riviera del Brenta (14 communes in the province of Venice) is relatively recent and goes back to the last years of the 19th century when the first firm was established in Stra. That firm was the first in Italy to be completely mechanised. After World War II the footwear sector in that area had a big boom, with products that starting from a low quality level in the beginning became more and more sophisticated until they reached a high degree of quality, accuracy and refinement, with a special attention and care in manufacturing processes deriving from the handicraft nature of many enterprises. Today the footwear manufacturing units of this district are about 720, with 9,000 employees for a value of € 0.38 billion, and the typology of their products consists of mainly female shoes.

Pottery of Nove

Those who like to be surrounded by objects of good taste, appreciated both as a decoration element and for their functionality in daily life, can not resist to the glamour coming from a ceramic product. Due to its statute of “minor art”, a mix of technological knowledge and aesthetic inspiration, pottery has always accompanied men’s desire to forge, with both modern and ancient techniques, the images telling about their experiences giving them new shapes. The most dynamic core in the Veneto ceramics manufacturing area still corresponds to the historical manufacturing settlements lying along the river Brenta, amongst the communes of Nove and Bassano del Grappa, in the province of Vicenza, but some such manufacturing skills can be also found in other areas of the region, between Padua, Treviso and Venice. Every day, a large number of regional handicraft firms manufacturing ceramics products send out products for houses, hotels, museums and show rooms all around the world. These ceramics products are the evidence of a wide range of styles, colours and manufactures with very few competitors in other territories. Local products go from the most classic representations, with a particular specialisation in the so-called “Novese” style, to the most modern aesthetic shapes.

As to its functional use, the Veneto-based ceramics satisfies many needs: a large production of objects mainly give an answer to aesthetic requirements. Besides these main typologies, specialised productions developed that answer to particular needs: the reproduction of holy images, the construction of manufactured products for common use, the reshaping of typical products from the original pottery of the 18th century, the realisation of unique pieces ordered by designers and artists, destined to make museums and villas precious.

The history of the Venetian pottery has its origin in the mix between the economic governance capability of the Republic of Venice, the refined aesthetic taste of lands crossed by big painters and sculptors and the professional ability of some entrepreneurial pioneers. In order to oppose the supremacy of foreign products, the Venetian Government of the 17th century gave the Bassano-based entrepreneurs the authorisation to manufacture majolica objects for the entire territory of the Venetian Republic. Thanks to these measures, taken to compete with the most refined production from Dutch and English firms, the fertile initiative of some Bassano-based families of entrepreneurs found its place. The first ones to refine the culture of pottery in the area are the Mainardi and Antonibon families.

During the golden age of the expansion in the 18th century, the local production gave origin to a huge variety of patterns and decorations, thus creating an heritage of forms and ornaments that will be exploited for years by local artisans.

The events that followed reflect a situation of enormous difficulty for the local industry as a whole. Social and political events, economic changes and military conflicts make it hard for local manufacturers to defend the potentialities of the local manufacturing culture, despite their strong will.

The quality of a productive system does not depend just upon the richness of its history.

In the age of the maximum reproducibility of a masterpiece, in a period characterised by the development of sophisticated manufacturing techniques, the distinctive feature of an industrial sector consists, first of all, of its capability to have success in the market.

The concentration of artistic pottery firms in the Nove and Bassano area, with its subsidiaries spread all around the rest of the region, gives birth to a specialised settlement offering an image well-known worldwide. The success of local products is accompanied by the growth of a productive organisation taking the shape of the industrial cluster. In the cluster, the innovation finds its way to permanently spread through the entire territory, a close competition between firms contributes to the improvement in their productive quality, the need to satisfy several demands favours cooperation strategies between companies qualifying productive techniques and project skills.

This productive plan is at the basis of a specialised system consisting of almost 600 companies. More than 4,400 employees are engaged to realise on-site the entire productive project, assuring an accurate survey on all the stages of a typical pottery manufacturing process. The strong attitude to entry international markets finds its evidence in an export volume figure of € 157 million (data 1999). The most skilled regional areas, like the cluster of Nove and Bassano, export about the 60-70% of their turnover in Europe, America and Asia. Overall, it is a specialised system competing on the quality field, product innovation and customer service and gets the resources to defend its image of leadership on the market from its own tradition and capability to renew itself continuously.

Glass of Murano

Since the 17th century the name and the image of Murano (centre of the Lagoon of Venice, to whose commune it belongs from an administrative point of view) is strictly linked to the glass, and particularly to artistic glass works, offering such a richness of product quality and creativity that Venice decided to open a Museum of the Glass Art.

Today the binomial glass-art keeps on characterising Murano, with an on-going effort from local entrepreneurs to maintain and strengthen quality image and levels, thus creating enterprise service tools, like some consortia specialised in the promotion, commercialisation and joint purchases of raw materials, and giving birth to the quality label "Vetri Murano". Currently, the enterprises of the sector are about 260, mainly handicraft companies, with 2000 employees, while the export share is 35% over the total production.

Roundabout of Polesine Occidentale

In the far west side of the province of Rovigo, bordering Lombardy and Emilia-Romagna, one manufacturing worker out of five builds roundabouts or elements necessary to their realisation. This is the most impressive data on the importance that the production of roundabouts has for the economy and the employment in this area. Thanks to that activity, industrialisation indexes are far above the provincial average (37%) to reach, like in the case of Melara, a percentage of 80%.

The handicraft component, among the roundabout companies of Polesine, is important: about two thirds of the settlements have more than 500 employees in the sector. In Bergantino and Melara we can note product specialisation indexes in the engineering sector of 41% and 54% respectively, versus a provincial average of 34.8%. The sector has had a fast growth during last ten years: today it reaches 50 units while at the beginning of the Nineties, it had only 10 and, since then, the work force has increased by a factor of four. Sub-contractors are the main component of the roundabout system, with 35 firms offering end-products and exporting 80% of the production. Favourite foreign markets are above all the European ones but business links are strong also with Asia and you can find Polesine-based roundabouts even in the carousels of the Middle East, United States, Latin America and Australia; turnovers, at least for a couple of firms, are far over € 5.16 million.

Thanks to the investments made by the roundabout companies during last years, the sector, although it stabilised as to the number of manufacturing premises, has developed a higher self-reliance. Indeed, they bought new machinery, twenty of them moved to bigger premises and a quarter invested in automation and information technology processes and training of the personnel. Since early Nineties the employees have multiplied by a factor four.

The roundabout pole is reacting by giving more services to start-ups and getting certifications. An important data, if we consider that the 98% of the production of the roundabout cluster is for export, and mainly in the Americas. The market of the big permanent parks for entertainment decreased by 60%, because they are now investing more in safety equipment than new attractions. The sole orders came from mobile parks, but even in this part of the sector manufacturers had to decrease prices by 20%. The carousel industry moves, within the belt from Ostiglia and Calto, a turnover of about € 52 million, employing more than 500 people. A dozen out of fifty producers are engaged in different sectors such as moving machinery, furniture, lights and decorations. This system is characterised by the presence of some leaders and a network of handicraft subcontractors operating exclusively for that sector.

Besides, the Polesine cluster, the Veneto-based firms of the roundabout sector are less than ten, mainly based in the provinces of Vicenza, Treviso and Padua.

The national demand absorbs just the 10% of the entire production, the remaining 90% is shared between America and Eastern countries. Contrary to what we could think, patents are not widespread and Italians get far more appreciations for the optimisation of existing machinery than the creation of new ones. The recognition as an industrial cluster obtained in 1999 opened a fast track for the Consorzio della Giostra to get funds for their sector.

Agro-food and fishing industry of the Delta del Po' – Chioggia

The Veneto Region, through an act introduced in 1999, appointed the territory including the communes of Ariano Polesine, Loreo, Taglio di Po', Porto Viro Rosolina in the province of Rovigo and the commune of Chioggia in the province of Venice "industrial clusters of Veneto for the agro-food and fishing sector". Rovigo pays a lot of attention to the clusters issue, if we consider that the productive system is characterised by SMEs representing more than 96% of enterprises and that the Region of Veneto, in the above-mentioned act of November 1999 individuating clusters in Veneto included four productive sectors: agro-food and fishing industry, roundabout of Polesine occidentale, the textile and clothing, and the coastal lagoon – coastal maritime works.

This system consists of 102 local units, employing more than 800 people. Added to the 40% of the employees of the trading local units, the employees working in the fish processing industry would amount to 522. Therefore, the productive specialisation index of the overall fish processing activities (fish processing activities employees/manufacturing industry employees rate) would reach 12.0% for the entire area, 9.4% for the communes of the province of Rovigo and 18% for the commune of Chioggia.

These figures demonstrate the importance of the sector of fish processing in the economy of the low part of Polesine and the commune of Chioggia, whose development is favoured by a territorial, environmental, entrepreneurial and institutional context able to support the development of the so-called "cluster of fish" according to a cluster logics supporting positive dynamics to make the territory grow up.

Therefore, the utilisation of the Structural Funds 2000-2006 becomes strategic; the Polesine area is completely inserted in objective 2 and that's why we think that, as far as competitiveness factors aimed at local productive systems are concerned, we need a synergy of actions between institutions, associations, enterprises, public and private bodies, to positively face the issues linked to the possible growth of the clusters.

A recent survey demonstrated that the market share of typical products in Italy is about 12% with a strong trend to further grow. We just remind that currently the so-called typical or traditional products that will apply for the DOP and IGP quality labels (Denomination of Protected Origin and Geographic Protected Indication) are about 500, according to UE regulations n. 2081 and 2082 of 1992, while the waiting list is starting to get longer and longer.

Other industrial areas : agriculture and tourism

The original agricultural vocation has succeeded in renewing and modernizing its methods, directing its efforts towards top quality production, forming close links with the industry, in order to give rise to an agro-industrial system that is responsible for about 38% of the region's GDP. In tune with its economic progress, recent years have also seen great developments in its services sector, which now ensures valid support for the vitality of the production system.

The Veneto region also takes top marks for its tourist industry holding the national record for this sector. Veneto has the most important tourist port in the Mediterranean Sea. This makes it a large opportunity for e.g. foreign ship companies, and there are for example many US ship companies present in the area. However there are not a few multinationals dominating the tourist market, like in the Caribbean, but thousands of SMEs. This implies that the tourist development needs to be supported in a special way. The same goes for most of the industries in the Veneto region, which is mostly dominated by SMEs.

The Montebelluna District

Montebelluna, a town surrounded by gentle hills, lies under the province of Treviso, 50 kilometers from Venice is a shoe manufacturing center of world importance. This Sportsystem District is one of the most significant in North-East Italy, an area researchers and analysts from all over the world have studied to better understand the origins of the so-called "Veneto Miracle".

Along with worldwide brand companies and multinationals, the district includes small and mid-size family-managed companies and a myriad of footwear material and component manufacturers part of the "correlated industries". Out of the approximately 500 companies, with a total of 9,100 people, working in the shoe manufacturing sector in Montebelluna, around 150 are paying members of the district. Of these 10 are very big companies (e.g. Nike, Salomon, Lotto, Diadora etc), 30 are middle-sized companies (between 50-100 employees) and around 100 are small firms (less than 50 employees).

The Montebelluna shoe district is one of the most important districts in Italy and is recognised world wide as trend setters for the future of sport shoe design and production. In latest years, sports clothing has been added to the 32,800,000 pairs of footwear in 1998 and reached a global turnover of 2,200 billion liras (1998 data). "Made in Montebelluna" expresses quality and quantity. The area manufactures 60% of the Italian overall production of cycling shoes, and 80% of ice-skates and in-line skates, and comparing to world production:

- 25% in-line skates
- 50% tracking shoes
- 65% after-ski shoes
- 75% ski-boots
- 80% motorcycle boots

The Province Of Treviso

Treviso represents one of the most dynamic areas in Veneto and North Italy in terms of economic-productive capacity as well as social-cultural development potential. This territory has a union of entrepreneurial and financial powers, as well as a pool of professional, social, cultural, and scientific potentials accredited as model emblem. Marca Trevigiana, recognized as Venice's garden under the Republic of Venice, ranks the sixth province for industrial growth in Italy. Treviso's exports represent alone a fourth of Veneto and its positive balance of trade makes up for a fifth of Italy's. In particular, the employment trend has a positive average rate highly greater than the national average and an almost frictional unemployment rate (4.1%). Treviso is among the five Italian provinces with the highest production employment incidence on the whole, especially in the engineering industry.

A Venetian Tradition

The Montebelluna shoe manufacturing heritage merged with the flourishing ancient tradition in the Republic of Venice by becoming part in XIV Century. In Venice, services and manufacturing represented good part of the economy next to mercantile and maritime trades, and soon organized in associations and corporations. During the XVII Century, Venice suffered crises striking the most important sectors so Venetian products gradually lost competitiveness to foreign goods, and arts and crafts declined. The final strike was inflicted by the Napoleon domain and then by Austrian domain. The shoe-maker's guild disappeared and only shoe repair workshops survived. Three mainland districts continued the tradition: Stra, specializing in woman pump shoes; Verona, for fine shoes, and Montebelluna for sports footwear.

Market

At dawn of 1800s, Montebelluna was a country village and its market was the heart of its economy. Founded by Emperor Frederick Barbarossa and privileged by the Republic of Venice, Montebelluna, located between Treviso plains and Belluno mountains, became a meeting point. A flourishing market affected the footwear manufacturing growth and every week hides for uppers and finished products were easily found. Each "shoe-maker" had a distinguishable style and every product highly differed workshop to workshop. The "galosh" was the ruling shoe until the first decades of 1900s; a strong, practical and sturdy shoe with hide upper and wooden sole. This shoe met the needs of farmers and "bisnenti", lumberjacks of the Montello hills. At the beginning of 1900s there were 200 workshops: one family out of eight made shoes. Product offers expanded. A new passion for mountain climbing emerged, especially because of the surrounding Feltre and Belluno mountains, increased the demand for mountain shoes, and artisans of the area readily satisfied the evolution.

Diversification

After World War I, Montebelluna finally consolidated this shoe manufacturing vocation. Mountain trekking shoes became a product demanded by an array of consumers: many Italians, who became familiar with the Dolomites during the painful weeks of warfare trench, went back as excursionists. By making suitable modifications, the mountain trekking shoe was also used in skiing. In the Thirties, fondness for this sport increased and required a product for this particular use. Montebelluna grabbed this opportunity and started the first diversification. The ski boot, together with a traditional mountain boot, led and characterized evolution in this sector for most of the second part of 20th century.

During the winter of 1965-66, Bob Lange, a technician from Colorado, USA, designed a completely plastic ski-boot. Montebelluna residents believed in this new technology: Nordica improved the American invention by replacing the "casting" process with "injection". Plastic was true evolution and new models succeeded others. This gave an economic boom to this market: from 250,000 pairs in 1960, it peaked to 4,100,000 pairs in 1979. But the introduction of plastic did not interest every entrepreneur. In fact, due to economic difficulties or cultural mistrust, some chose to manufacture alternative sports footwear: after ski, football, tennis, motorcycle, bicycle, ballet, cross country ski, and ice skating. The success of various companies in the district was thus determined.

At the beginning of 1980 signs of crisis began to show and demand suddenly fell. However, the after-ski boot setback was replaced by rapid product diversification: the old mountain boot was revolutionized becoming lighter and brighter and was renamed trekking shoe. At the same time many companies began to get interested also in the sportswear business. The ski-boot crisis lasted, but a new product seemed to show the way of surmounting the impasse: the in-line skates. By using the boot synergic technology, in-line skate became a substitution and integration for the summer seasons. In the last few years the “Made in Montebelluna” label was enriched by two more products: on one hand innovative snowboard boots, traditional comfortable city footwear on the other.

An Open District

Continuous product diversification, a peculiar feature of the Montebelluna district background, has deeply affected this town physiognomy by claiming winning quality characteristics such as openness and flexibility. Openness to a wide product range offered by companies: the mountain boot and ski boot are thought of as two different sectors. By the same token, in the last century a sort of relay race has been going and various types of footwear have passed the baton.

Openness to different types of companies: within few kilometers and on the same road, we may meet multinationals, widely known brands family run, small to mid-size companies as well as sub-contractors. Openness to the many foreign establishments which by acquiring autochthonous brands, especially in the 90’s, have determined a sort of “skin shedding” in the district. Openness to the correlated industries making up the footwear business and other businesses has created a flexible network inevitably tied to other sectors. Openness to a trend of dislocating production stages by relocating in developing countries to take advantage of low labor cost.

This production dislocation, at first within the district, moved to South-East Asia countries at the end of the ‘70s. With the fall of the Berlin Wall, Eastern Europe and particularly Romania became a favorite destination to dislocate production. During the ‘90s this phenomenon intensified not only to manufacture parts but to also move abroad the entire production system. Although in a global district, creative souls and organizing minds stay in Montebelluna.

Boots And Sports Footwear Museum

Beginning as merely a museum, the Boots and Sports Footwear Museum (Fondazione Museo dello Scarpone) is now the residence of the coordinating office of the district and is the natural meeting point for companies. Since 1992 the Museum has been managed by a Foundation representing over 60 large, middle, and small sized companies in sports footwear industry of this district, the artisan associations Confartigianato and CNA, Unindustria Treviso, Messe München and Banca Popolare Asolo and Montebelluna. The Foundation works also in cooperation with Treviso Unindustria, Treviso Chamber of Commerce, particularly with Treviso Tecnologia, the Veneto Chamber of Commerce Foreign Trade and the Italian Industrialist Club Districts.

The primary functions of the “Museum” was is the record keeping activities for the shoe development in the territory, e.g. patent following and recording, archive keeping of old shoes. The museum however now also facilitates a school and centre for technicians and designers. 60 companies are members of the training centre. The centre analyses the needs of firms as well as their level of technology. Based on these findings, they then conduct vocational training financed by EU funds. The courses lasts for 6 months (900 hours) and many of the graduates find jobs in the district. Apart from these full-time trainings, the centre also conducts part time specialised trainings. Sponsored by the Chamber of Commerce, the Museum also conducts technology watch in the area of trends and fashion.

The Museum is the natural meeting place for companies in the district. Discussion groups are regularly formed around certain topics of interest, e.g. how to select materials. Apart from these discussion groups, 40 marketing- and design professionals also have additional meetings on common topics of interest. There are 5 consultants to spot news on the market e.g. at trade fairs, which finally will be delivered in terms of regular reports.

Keys To Success

An integrated community makes up this industrialized district where interpersonal relationships among the locals are frequent. Additional characteristics are emphasized: job division among the companies; productive stage sectioning; linkage between small manufacturers and outlet markets; continuous technological and organizational innovations.

The ambience among companies in the district is that of competitiveness, but at the same time cooperation. Companies share the same resources and share experiences for the benefit of growth of the district – growth that will benefit all companies in the long run. To make such a development possible, the companies need a structured place to conduct business; much like the “bar” or the “church yard” was for companies in former times. The Footwear Museum is that natural meeting place for the companies.

These points of strength have determined the success of the Montebelluna district. But among the factors connected with this area-system, “know how” was the key role played by local expertise. Creativeness and inventiveness of local entrepreneurs, imagination and efficiency in marketing local products in foreign countries, enhancement of style and shape have set the Made in Montebelluna worldwide competitiveness.

A very important role is played by designers and creators: planning, despite a decentralization trend, is tightly kept locally where investments in human resources are not spared.   Many foreign companies resort to Montebelluna’s know how. Most of the styles created in this area are top range and for various multinationals. The taste for design, color, and a sense of beauty has become a “Made in Montebelluna” distinction and all the fashion system in Veneto, because of “Venetian heritage”. It is as if the Venetian Republic artistic and cultural magnificence spread out into the country side by artists such as Giorgione, Tiziano, Palladio, Veronese, Zelotti, and Tiepolo creating a fertile and cultivated ground giving birth, and not per chance, to these precious “flowers”.

The role of the Chamber of Commerce

The Chamber of Commerce is the focal support organisation in the region, responsible for networking activities between companies and between companies and other support organisations. Through the Chamber of Commerce, the main economic policy in the region is directed towards the industrial districts. The Chamber of Commerce also makes a lot of initiatives to help SMEs with IT services and to implement e-commerce in the districts. This is mainly for marketing purposes, but also to enable e-transactions and to foster the establishment of virtual communities around the districts.

The Chamber of Commerce sponsors the districts directly or through other support organisations, like the “Treviso Tecnologica”, which is a research centre financed by the Chamber of Commerce. Treviso Tecnologica is constituted of a few large firms and many SMEs. An important area is the integrated process of materials handling, from design to finished product. Another focus of the organisation is industrial design.

The whole region benefits from the globally renowned brand “Italian design”, which is a symbol of quality and fashion. Future design, however, does not only mean differentiation, but sharing production platforms for the benefits of reaching economies of scale. Flexible production methods, where the same production techniques and platforms can be shared by different product models are therefore being studied at the centre.

The Chamber of Commerce also sponsors the science parks in the region. However, since science parks seems to work well for companies within the parks, but not for companies outside the park, the Chamber of Commerce strives to function as intermediary between the parks and the companies outside. The Chamber of Commerce also facilitates a centre for certification and tests, as well as a training centre, complementary to the University. The training centre is non educational and involves some 500 students and over 300 companies in joint projects.

Cluster development methods

As responsible for sponsoring and funding of the districts/cluster in the Veneto region, the Chamber of Commerce was also the natural initiator of cluster establishment in the region. To get a district/cluster going, the Chamber of Commerce tries to find leading companies who can take the lead in a cluster development. However, as medium sized companies were rather in competition with the Chamber of Commerce than cooperating, they also needed to find and appoint neutral coordinators to ensure that cooperation between the companies and the Chamber of Commerce was functioning.

The coordinating people must not be too powerful and rather from the business environment than from the public sector. The coordinators are named “Meta Managers”, because their roles are to “go beyond” competition and to see the needs of the whole district. They shall not impose power and rules on the companies, but must have the power to convince the companies to certain actions and directions. There are only a few Meta Managers, but there is a new training centre recently set up to train and to educate Meta Managers professionally.

One important subject for the Meta Managers is how to attract investors, and not only investors and investments, but also the right ones. If a new player enters the district and is too competitive, they can damage the district, e.g. if a district is focused on high-tech, a competitor might enter to obtain industrial secrets rather than to cooperate. The focus is to set up a cluster with common activities among the members and to add players that can complement with services to the others.

Research Institutions in the Veneto region:

- *Treviso Tecnologia* provides enterprises with services and support related to R&D and technology.
- *Tecnology & Design Centre* is involved in the development of new ways of making prototypes quickly.
- *Technologic Parks* Vega (Venice), Star (Verona) and Galileo (Padova) supply services linked to technological innovation, research, design, the study of new models, quality and certification.
- *Centers of Excellence*: The Science Parks are accompanied by Centers of Excellence which operate alongside them as actual centers of innovation diffused throughout the regional territory, offering training courses and other services to companies.
- *Education (universities and colleges*): The well-coordinated and broadly based services of the six universities in the Veneto region offer 156 different options, including degrees, diplomas and specialisation courses; 88 at Padua, 35 at Venice (two universities) and 32 at Verona. Feltre, specialised in modern languages and Treviso, recently opened, give an added value to the educational offer of the region.

The University of Padua, the scientific park Galileo, Unindustria (the Italian employers association) and E-venture (a fund raiser company) have just created a fund management company and three closed investment funds in order to put high level research, entrepreneurship and finance activities together. The project will offer both a financial support to research activities and give the best ideas the opportunity to be implemented in the real world by creating ad hoc companies. The shareholders of the fund management company are the University (30%) and the Galileo park (30%), while Unindustria and E-venture hold a 20% of the shares each.

The total amount of the fund raising operation is € 25 million that will be invested in three different funds: Galileo Dem (Digital energy materials technologies) will handle € 12 million being focused on computer science, telecom and new materials. Galileo Life will manage € 8 million to support innovations in life and pharmaceutical sciences. The € 5 million left will go to Galileo Seed to help exploiting intellectual property from Universities, research centers or companies working in the R&D sector. A pool of advisors – a selected group of experts working in different fields of activity- will have a key role in investment decisions: they will evaluate the proposals but, above all, help the new companies to grow and develop while keeping close and constant ties with the research system. The project, whose main aim is to strengthen the R&D system and steer SMEs technological development in the North-East area, will be soon extended to all the rest of Italy. What's more, as the project is funded by private investors only, public money will not be necessary.

The Acenet partner – EIC IT 378 – Eurosportello Veneto

Euro Info Centre Veneto is an information and assistance service helping businesses - especially SMEs in the Veneto region to work better in the European Single Market as well as in all the markets of the world. It is part of a network, promoted by the Enterprise Directorate General of the European Commission, of more than 280 offices all over Europe, which are linked to each other and to the EU headquarters in Brussels.

Euro Info Centre Veneto has created a local sub-network composed of relays based in the seven provincials Chambers of Commerce of Veneto. It has established two Relais Centres (i.e. an Euro Info Centre) in Rijeka (Croatia) and in Zrenjanin (Yugoslavia) as well as an Euro Correspondence Centre in Prishtina (Kosovo).

The EIC is connected with the Antennas of the East European countries and with the international network of the Italian Chambers of Commerce abroad, as well as with other networks outside Europe of the Enterprise Directorate General of the EU Commission. Euro Info Centre Veneto is hosted by Unioncamere Veneto, the regional association of the seven Chambers of Commerce of the Veneto Region.

Eurosportello Veneto informs businesses on the main problems related to the implementation of the European Single Market as well as the aspects of the ongoing globalisation of markets. It does so by means of:

Personalized information on Community legislation and jurisprudence, the principal practices of international trade, and calls for tenders and public procurements;

Technical documentation on technical, customs and fiscal aspects of the European market integration and, more generally, about the globalisation of markets;

Assistance in the procedures and formalities which have to be accomplished in order to obtain the benefits of specific initiatives in the overall framework of Community and international supporting actions;

Specific Training for the main themes related to the implementation of the European Single Market and market globalisation. Such training will enable qualified personnel to tackle the new business problems arising in this context;

Assistance and information on the possibilities of cross-border co-operation between businesses and in the search for suitable partners, the setting up of joint ventures, and the transfer of technologies.

Euro Info Centre Veneto works in close collaboration with:

- main EU Institutions;
- national Institutions;
- local Authorities;
- Universities, research Institutes, laboratories;
- entrepreneurial associations, professional orders, and
- qualified experts of the various sectors.

The Veneto economy in figures

Today, Veneto is one of the strongest economic regions in Europe, with a regional gross domestic product (GDP) estimated at € 103 921 million in 2001: 9.54% of the Italian national GDP, an increase of 5% over the previous year. In fact, for the last two decades, Veneto's annual growth rate has constantly outstripped the national average.

The most recent data are for value added per capita in Italy's 103 provinces (Tagliacarne 2000). They show that 4 out of Veneto's 7 provinces are among the first 15 in Italy. Verona ranks 11th, followed by Vicenza:12th, then Treviso 14th, and Padua 15th.

While industrial production recorded an increase of 3.2% in 2000, the construction sector expanded by +3.7%, and services destined for the market grew by +3.3%. Other data help to show the Veneto region's economic capacity. Unemployment, for example, stands at 3.7%, against the national average of 10.6%.

Facts about the districts:

Today, from the region of Veneto comes:

- 50% of the world's production of eyeglasses,
- 65% of the world production of ski boots (concentrated in one single industrial district, that of Montebelluna, made up of some thirty towns).
- 30% of the world's marble,
- 70% of Italy's production of sports shoes,
- 83% of Italy's production of gold jewellery,
- 24% of all the clothing made in Italy.

The Veneto region includes 20% of Italian textile districts; 10% of leather shoe-manufacturing districts, 15% of engineering districts; and the main district for making eyewear in Italy, and perhaps in Europe and worldwide. On top of this, Veneto's farms with a gross marketed product of 4,280 million Euros, produce 10% of Italy's total agricultural product. Do not overlook either that we are talking about Italy's first region for tourism, where, in 2000, tourists spent 12,911 million Euros.

Export figures:

The export sector reached 36.7 billion Euros, with an increase of 13.9% with respect to 1999, confirming Veneto's second position in absolute terms after Lombardy, in the export league table of Italy's 24 regions. The Veneto region now contributes about a third of the entire Italian surplus in its balance of payments account. To have some idea of the scale of this flow of exports towards the rest of the world, it is enough to remember that Veneto alone exports more than Greece and Portugal together. Veneto's exports also make an important contribution at the national level, making up today some 14.3 % of Italy's national total. Thanks also to various particularly favourable conditions in 2000, its surplus of exports over imports reached a value of 8.7 billion Euros, a figure which is seven times bigger proportionally than the national balance of payments surplus.

Other facts:

- 6% of Italian territory;
- 4,540,250 inhabitants, that is 7,85% of Italian population, (positive trend if compared to the figure for the previous year)
- 1,720,900 families;
- 447,535 enterprises located in the territory (327,065 excluding agriculture);
- € 8.72 billion is the trade balance of Veneto;
- € 1.31 billion is the trade balance of Italy;
- € 19.04 billion is the export for Veneto.