

Source: Il Corriere della Sera

With customers such as Ikea and Rimadesio, Pesaro-based Biesse is looking to surpass €800m in revenues. “We’re investing €110m in our growth, besides M&A. Orders are coming in fast, our warehouse is full,” says the entrepreneur whose company makes woodworking, glass and stone processing machines

Roberto selci

PRICE INCREASES AND RAW MATERIALS BIESSE FREEZES PRICES WITH SUPPLY CHAIN

by Daniela Polizzi

“Our warehouse is full, we’ve covered our orders for a significant part of 2022. We’ve never had so much stock. It’s like going back to the 1960s, it’s the opposite to the usual way we work, but we’re taking on the risk to meet demand: our customers are afraid of the lack of raw materials and a subsequent sharp increase in prices, which we’ve already seen.”

62-year old Roberto Selci is the entrepreneur behind Biesse. The firm, whose roots are in Pesaro in the field of advanced mechanics, makes woodworking machines. And it’s no coincidence that it is based in the region that spawned furniture designers Scavolini, Berloni and Febal. But Biesse is not just about wood. The multinational, which listed on the stock exchange 20 years ago, also makes machinery for cutting glass, stone and metal, as well as resin-derived materials, carbon and aluminium for the automotive and aerospace industries. With high-profile customers such as Ikea, Knoll-Herman Miller and Rimadesio and around €700m in revenues (85% from exports) forecast for the end of the year, the company could hit a billion in turnover within a few years.

“To reassure customers and protect our company and the future of our employees, we sat down with all our suppliers and drew up a plan that sheltered our customers from the volatility we’re currently seeing. We had to raise our list prices slightly in response to the price spikes, but we’ve been able to ensure stability around supply and prices for the long term. These are times when a company has to get it right to protect the whole supply chain from volatility.” Selci’s father, Giancarlo, founded Biesse in 1969 and is now president. His son shares the chief executive role at the Pesaro-based company with Massimo Potenza, who joined a year ago, after a long career at Barilla followed by a stint at KPMG as senior advisor.

“A family business must be open to working with outside executives because there’s a big difference between ownership and control; if you don’t get the control right, it can slow a company’s growth and harm its competitiveness,” emphasises Selci. In Biesse’s case, there seems to be no danger of this. The third quarter closed with consolidated revenues up by 23.7% to €172.9m, ebitda of €20.9m (an increase of 39.8%) and new orders worth €157.3m, up by 35.4%. These numbers, says Selci, will return the group to pre-pandemic levels.

But Selci is looking ahead with a brand new plan that aims to push revenues to €810m by 2023, with ebitda of up to €90m. This will follow an investment programme of around €110m over three years, with digital at its heart. However, given that Selci is a serial acquirer, with a history

of 20 or so deals behind him, these numbers could start to look conservative. “We keep a close eye on the market, size is key – we want to think like a multinational,” says the entrepreneur.

You’ve just completed an acquisition, in Italy...

“We bought Turin-based Forvet Costruzione Macchine Speciali because it’s a bit like the Ferrari of glass processing. We invested €41m. Forvet gives us competitive technology in boring and grinding across the whole furniture and furnishings sector – the company can form the basis of a platform for integrated projects for customers. Digital and innovation bring efficiency. Forvet turns over €20m with an ebitda margin of 25%. This is Italian technology that we can take global. The market around the world has gone into overdrive. The woodworking and glass, resin, marble and advanced material processing market is worth €5bn globally.”

How will you invest the €100m-plus?

“Digitalising the company will receive the most investment; this will help us to be faster and more competitive and to serve our customers from our 11 Italian plants and the two in India. We’re looking to growth but also to ebitda and ebit, which secure a company’s future and lay the foundations for development and investment in work. This should never be taken for granted, because entrepreneurs have a social responsibility – they shouldn’t leave people out of a job. It’s not always easy.”

What changes would you like to see?

“Greater collaboration with technical colleges and universities; companies are ready to fund research projects – we’re collaborating, for example, with universities in Ancona, Urbino, Rome and Milan. But what’s really needed is system-wide intervention, a plan from the government. Something else that is essential is reform that reduces the tax wedge, so our workers get more money and we can be more competitive abroad as a company. We look to giants like Germany’s Homag – large groups that are the result of a number of acquisitions and mergers. That’s another reason why size is important. The new project we’re working on will also move Biesse forward significantly.”

What project?

“We’ve called it ‘One company’. It will mean that within two years we are thinking like a multinational. We’re redesigning the group, moving away from divisions organised in self-contained silos and introducing a cross-functional logic to our processes. This will make it easier to implement technology development projects, such as digitalisation. This change will also involve our locations abroad; our objective is to boost our international markets network, with more efficient structures. The reorganisation will also shape our new business strategy to 2023, which is a fundamental transition for the group. At its heart is the development of a product portfolio focused on moving from a standalone offering to a systems-based offering. Future acquisitions will be aimed at developing our Systems offering across all our sectors as well as boosting our product portfolio.”

So there are more acquisitions to come...?

“We’re a cash generative business. At the end of this year, we’ll have more than €60m at our disposal, net of what we paid for Forvet, and committed credit lines of over €125. We’ve got the

firepower to fund a significant round of acquisitions. But more than a third of our planned investments involve updating our technology systems to support company processes. This will really accelerate our technology evolution drive.”

How much has being listing helped your growth?

“It has instilled a different culture, it has taught us to follow certain rules in our work and given us a structure, as well as the resources to begin growing and make acquisitions. It’s a bit like going through due diligence every three months. And everything we do, even just opening a branch abroad, involves looking at ourselves very carefully. It also makes you more open to external management. One of the weaknesses of many family-run SMEs is that there is very little split between the shareholders and the management. This slows growth, acquisitions and mergers.”

And how open are you to joining forces?

“We’re open. But it would be on the basis that we retained control and governance.”

BOX:

- Innovation

Roberto Selci joined the family business in 1988 and, two years later, became commercial director. He was appointed CEO in 2000. He oversaw its listing on the Milan stock exchange, where it now has a market cap of €705m, and has boosted exports and innovation, following the model of his father Giancarlo (see photo), who founded the group. The group now invests 5% of turnover in research and development. This has led to it registering over 200 tech trademarks for its machines for woodworking and processing glass, stone, metal and technological materials.

PULL QUOTE:

“Our Italian-made technology is what we invest in most. Innovation leads to efficiency and competitiveness in markets”