

Women to the fore as corporate Italy embraces change

Appointments

Financial crisis has forced the sector to accept international standards and practices, writes
Rachel Sanderson

The day after Matteo Renzi unveiled a sweeping overhaul of the top jobs at Italy's largest state-controlled companies, corporate Italy woke up with a sense that many of its old ways – if not all – had changed.

Mr Renzi, Italy's youngest prime minister, who came to power in February, announced on Monday night that he would change the top executive positions at Enel, Eni, Finmeccanica and Poste Italiane, the leading four companies owned in whole or part by the economy ministry.

In a move seen as a significant test of the prime minister's ability to drive through reform, Mr Renzi's most eye-catching decision was to promote three women to chairman roles, including Emma Marcegaglia, the steel industry chief executive, at Eni, the oil and gas giant.

Just as noteworthy was the appointment of two highly regarded executives, Francesco Caio, former head of Cable & Wireless in the UK, and Francesco

Starace, a former nuclear engineer and former head of Enel Green Power, as chief executives of Poste Italiane, the postal operator, and Enel, the electricity company.

But corporate leaders point out that the changes in the appointment process, which Italians damningly dub Rome's "nominations sweepstakes", is not an isolated event. Since the financial crisis, the prevailing mood in Italian capitalism has shifted. From the palaces of Rome to the trading floors of Milan, cash-strapped corporate Italy has had to improve its governance standards to attract foreign capital.

"I don't know if we purposely do this, but [in Italy] you need a crisis to change things," says Pietro Scott Jovane, the former head of Microsoft in Italy who is now chief executive of Italy's largest media owner, RCS Mediagroup.

Bank lending, the traditional support for Italian business, has nearly frozen in the past five years, forcing Italy's traditionally inward-looking corporate sector to turn to international investors and to adhere to accepted international practice on governance and transparency.

In the private arena, a web of cross-shareholdings that once linked Italy's privately owned corporates – from the Milanese investment bank Mediobanca to

Italy's largest retail bank Intesa Sanpaolo – have been dismantled in the past year.

US fund managers BlackRock now own sizeable stakes in Italy's four largest banks, while Chinese investors own shares in Eni and in Enel, alongside several fashion brands. Two South American funds recently invested heavily in Italy's oldest bank, Monte dei Paschi di Siena, which for 500 years had been owned by the local community.

Executives point out that the changes to the top jobs at Eni, Enel and Finmeccanica, which together make up a third of the value of Italy's stock exchange, mean this change has now reached Rome too.

Alberto Gallo, senior credit analyst at RBS, expressed a common view among investors that the appointments represented welcome change while, at the same time, guaranteeing continuity. Mr Starace and Claudio Descalzi, the new chief executive of Eni, were promoted from within.

Mr Renzi's much-heralded appointment of women to chair the boards at Eni, Enel and Poste was more contentious. Since none of them was given the chief executive's job, the prime minister's decision drew accusations of window dressing. The appointment of Luisa Todini, a former member of the European Parliament in Silvio Berlusconi's party, as chairwoman

at Poste, was widely seen as politically motivated.

The biggest upset was the exit of Paolo Scaroni, chief executive of Eni for nearly a decade, whose allies had lobbied for him to stay on as non-executive chairman.

"I've been surprised by the unnecessary brutality of the change of top management in the state-controlled companies," said Guido Roberto Vitale, one of Italy's most senior bankers. "The large part of these managers did a good job and international markets will find it difficult to understand the change."

The share prices of Eni and Enel were mostly flat, but there appeared to be concern over the change at defence company Finmeccanica, whose shares were down more than 4 per cent.

Insiders admit Mr Renzi's plans were hobbled by the most high-profile international business leaders counting themselves out. The list includes Andrea Guerra, chief executive of eyewear multinational Luxottica, and Vittorio Colao, chief executive of Vodafone.

Indeed, business leaders say the greatest challenge for corporate Italy is to develop more high-quality, homegrown executives. Mr Guerra said Luxottica, one of Italy's most successful multinationals, was "hiring a lot of Italians, but not in Italy". "The best Italians are abroad," he said.

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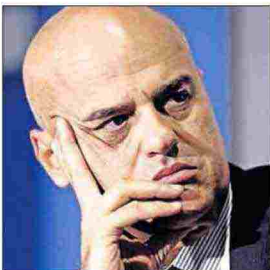
Renzi's new faces



Matteo Renzi addresses a meeting in Turin. The prime minister has promoted three women to top boardroom roles Reuters

Claudio Descalzi

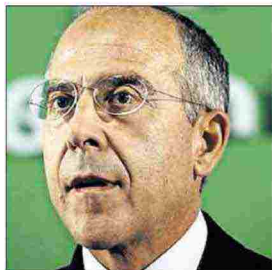
Eni chief executive



Claudio Descalzi, 59, the new chief executive at Eni, is a well-respected oil veteran who helped guide the Italian major's transformation into one of the most successful oil and gas explorers. As Eni's head of exploration and production, Mr Descalzi also steered Eni away from the kind of big bets on North American shale gas that have proved so costly to rivals such as Royal Dutch Shell. Mr Descalzi joined the company in 1981. While he was head of exploration, Eni made the largest discovery in its history: a huge natural gasfield off Mozambique.

Francesco Starace

Enel chief executive



Francesco Starace, 58, the intense, softly spoken former head of Enel Green Power, becomes chief executive of Enel. Mr Starace, a trained nuclear engineer, worked in GE, ABB and Alstom before joining Enel. Having spent time working in the US, Saudi Arabia, Egypt and Bulgaria, he is one of a new guard of executives who have returned to Italy from abroad. Among those who welcomed his appointment was Greenpeace Italy, which applauded the appointment of the head of a renewables business to the top job at Italy's biggest utility.

Emma Marcegaglia

Eni chairwoman



Emma Marcegaglia, 49, becomes the first chairwoman of Eni, Italy's largest company and one of a handful of top women executives in Italy's male-dominated boardrooms. Ms Marcegaglia, co-chief executive of the Marcegaglia steel group with her brother Antonio, has been dubbed "Italy's iron lady". She rose to prominence as the first female head of the business lobby, Confindustria, and was tipped as a possible member of Mario Monti's government. Most recently she headed Business Europe, Brussels' biggest lobby group.

Francesco Caio

Poste Italiane chief



Francesco Caio, 57, who becomes chief executive of Italy's vast national postal group Poste Italiane, was briefly chief executive of Cable & Wireless in the UK in the early 2000s where he failed to stem falling sales. But Mr Caio, an electrical engineer, brought his tough management style to bear at aerospace group Avio which was sold to GE last year for €3.3bn, one of the largest foreign investments in Italy for a decade. Those skills will be needed again as Poste prepares for a €10bn-€12bn privatisation later this year or next.