

CLEANING UP

As a leading name in household appliances for more than 70 years, Candy Group's focus on innovation and family values has kept the company streets ahead from the competition.

Images by Yuma Migliacco

It has been argued by some, quite convincingly, that the invention of the humble washing machine was one of the deciding factors in enabling the women's liberation movement and the large-scale entry of women into the paid workforce. Prior to the invention and use of mechanical washing machines, the laundering of clothing was the responsibility of the 'woman of the house'. Women had to fetch water, usually by hand, then soak, beat, scrub and rinse the laundry, before drying and ironing. It was time-consuming and hard work, especially if your family was a large one. When the time was taken out of this process, it allowed women to work all day and still do the washing in the

evening. By the mid 1800s, steam-powered washing machines had been invented. However, they were costly and still required a lot of time and labour to operate—nothing like the slick electronic models seen in stores today. The first electric machine was introduced to the market in the early 1900s, and flourished in suburban America. In Europe, however, the domestic electric machine didn't catch on, and the advent of two world wars didn't help with manufacturing and sales.

It was in 1945, following the end of the Second World War and peace in Europe, that the Fumagalli family had an idea that would change the industry: to create the first all-Italian-designed domestic-

use electric washing machine. The father, Eden, along with Peppino and his brothers Niso and Enzo, invented the first Italian washing machine and formed the Candy Group. The family worked together to run the company smoothly, with Peppino taking care of management and administration, Niso in charge of technological development, and Enzo heading up commercial operations. The three brothers took charge of running the company in 1970 after their father stepped down, and continued working together as a team.

Since 1958, the family has worked to expand the business outside of Italy, opening the first branch in Germany, quickly followed by >



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France. In 1966, the first diversification occurred with the launch of the first super automatic dishwasher. In 1970, Candy expanded its business to built-in cookers with the purchase of La Sovrana, and in 1971 to refrigerators with Kelvinator Italia, followed by Kelvinator UK in 1980. Over the following years, Candy continued its acquisitions with Zerowatt washing machines and Gasfire built-in cooking appliances in 1985, Rosières cooking appliances and built-ins in 1987, Mayc-Otsein washing machines in 1992, and Iberna fridges and freezers in 1993.

In 1994, Peppino took a step back from the Candy Group, deciding to hand over the business to the next generation. He had achieved an astounding amount in his time there, and was appointed as a Knight of Labour of the Republic of Italy in 1973. In 1998, he received the Honorary Commander of the British Empire from her Majesty Queen Elizabeth II, a high honour indeed. Despite his love for his work and the company, Peppino knew it was the right time to go. "I handed the keys of the company to my two sons and three nephews, sons of Niso," he reflected. "I said, 'Now,

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- Beppe Fumagalli

you go ahead? So did my father with us in 1970. Only when I did it, I understood how great was the act of generosity made by my father to us." It was in 2014 that Beppe Fumagalli, Peppino's son, took over as CEO, which he remains today. Beppe stayed true to his father's vision of expansion. In 1995, Candy Group moved into floor care with the takeover of Hoover European Appliances. The forefront brand in Europe for vacuum cleaners, this ensured that Candy was in a strong position in the market. The company continued purchasing other companies including Vyatka, Jinling, and Doruk.

One of the most important aspects of these acquisitions and development of products was Candy's focus on innovation. This has been an integral part of the company since its inception; so important that Niso Fumagalli was in charge of innovation initially, and the position has remained a senior one in the company. "You need to understand that everything was started by my grandfather, who one day decided to manufacture the first Italian washing machine," Beppe explains. "And at that time there were no washing machines for domestic use—he really was a pioneer. This was the so-called big idea but after that there was also the research and development needed to create new products. Today, this is almost becoming a commodity—a commodity washing machine—but at that moment it was really new. We try to keep this philosophy and consider each of our appliances as something that has to be rethought, reinvented. We are not inventing revolutionary technology; we are applying existing technologies to domestic appliances to offer our customers the best product in performance and reliability."

Candy is not only ensuring its products are innovative and forward thinking; Beppe says they want to make these products at an accessible price point for the everyday consumer. "To give you an example, last year we launched



a completely new range of domestic appliances, from washing machines to vacuum cleaners, that can be managed with an app from a mobile phone or tablet, and this is called 'connectivity'. The range is called SimpliFy, and we are the first player in the whitegoods industry that is really making use of connectivity and making it a feature that is available across the full range at the right price point. We're bringing technology down to affordable prices in a large range of products—so, opening a lot of opportunities in what is going to be a key development in the home appliances industry. And it is happening right now; it is not just a dream."

Beppe also believes that something else that sets Candy apart from its competitors is that it is a family business. "The family owns the group, and the opportunity is to combine some of the values that are typical of a company to generate profit, to generate growth, with some values that are more related to the concept of a family, which I feel is respect. For my grandfather, for my father and for all the generations, respect was the key word. This is why the family is, after 70 years, still together. Each one plays his own role. My brother and I are managing the company, two other cousins are sitting on the board, each one of these with their own abilities and experiences. And

"It is a great experience to work with the Candy Hoover team who are dedicated to creating a high-quality life for consumers. They pay much attention to the elegant design, superior performance, and comfortable use, that's why they are popular worldwide." - Zugen Ni, CEO, Kingclean



it is possible because there are no conflicts; respect is what is keeping us together."

Growing up in the family business and cutting his teeth in the industry from a young age, Beppe understands the intricacies of the company and industry. Unlike many CEOs, he has worked in all different areas of the business, at all different levels. He knows the staff, he knows the branches, he knows what he needs to do to improve Candy. This, to Beppe, is a major advantage in what he describes as a "complex" company. While other CEOs are good leaders and can ensure their company is successful based on that skill alone, Beppe has both the leadership skills and the expertise of the industry, which makes him one step ahead of many of the CEOs that lead Candy's competitors. "I think that we are quite a complex company, because we are operating in many countries, with many factories, with many products. The fact that I grew up working for the group means that, having worked in many branches, I know the business. I know the business deeply."

However, Beppe admits that there can be disadvantages to working in the same company for his entire career. He believes that this can potentially stop someone from having fresh ideas, as they can

remain committed to tradition and let the business become stale. To ensure this doesn't happen with Candy, Beppe has an advisory board comprised of a range of people to guarantee diversity of opinion and ideas. He reaches beyond the Candy 'family' to consultants and industry experts, ensuring new approaches to the business are explored. "What I consider a possible disadvantage is the fact that we see things in our own way, and probably we are losing a part of the contribution from other companies, working in other sectors. We consider this a possible issue for our company, so we have an advisory board with external members, consultants, and our managers having worked in other companies; it is an entity that is supporting the CEO. It's really to add value to our plans and to the strategic vision and to the respect of our planning at the time."

Beppe chooses his advisers carefully and values their opinion immensely. He has ensured that not only is his executive team from a range of areas in the company, but that they are all 100 per cent committed to Candy and improving it. Beppe says that, for the past three months, he and his executive team have been focusing on improving company culture. "We have an executive committee in which there is a range of different people. They are the >





people responsible for the operations in the group, from factories to HR to finance. The 12 [on the executive committee] are the group of people on whom I rely in order to bring the message of trust and respect and belief in our group. That's why we've spent just the past few months talking about how we work as a group, how we can improve as a group, how we can use the potential of the group. And when I say 'group', in this case I mean a group of people, not a group of companies. I have had many discussions with them in order to create a plan to develop the potential of each of the people sitting in the executive committee, and how we can raise the potential of the group as an entity as a whole."

The second pillar of the company, something the family has always prided itself on, is the focus on Italian design. From the first machine they built to the products being produced today, the Italian design and workmanship is key. "It has been really very important from this part of our company, and our company has worked with the best Italian designers throughout our history," Beppe says.

"Designers like Giugiaro or Bonetto, these are companies that have generated fantastic interpretation of the Italian design, from cars to motorcycles to furniture. I believe good design is something that has always been in our DNA. It's so important that we have decided to create two internal design teams: one is managed totally by our own people, and one is managed by a very important Italian designer. This is very important to generate new ideas, to be ahead of our competition, to really have innovation in the design part."

Since coming on as CEO just over a year ago, Beppe has tried to revitalise the group while staying true to the family values and company history. Beppe worked with the board to create a new strategy for the group and its brands, focusing on what he sees as the core functions of the company. Beppe wants to put more focus on these core brands that are the most successful and most well known in the industry. "The main focus of my initial activities was setting up a strategy for the group, an improved strategy for the group. This finally resulted in

choosing three main directions of development for our group and our brands: the washing business, the built-in products, and small domestic appliances. The washing because we have the ability to be a trend initiator in this business, launching a new washing machine that has features and specifications that are always one step ahead of competition. The built-in business—it's a business that is a bit more protected from the giants and from the Far East competitors."

As part of its focus on the built-in cooking sector, Candy purchased French company Rosières—a well known and respected brand in cooking for more than 140 years—in the late 1980s. This not only expanded Candy's product offering, but established it as a company that cared about the quality of its products. Today, Beppe believes that other than Candy, Rosières is one of the group's key brands. "Our two main brands are Candy, an Italian brand, and Rosières, a French brand which has a long tradition," Beppe says. "The company was started in 1869 and is about cooking as well. In France, cooking is very important, so basically our brand

"I believe good design is something that has always been in our DNA."

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portfolio is very good for our built-in product. We just needed to fit our brand a bit more with innovative products, in line with the specific market expectations."

The third pillar of Candy's strategy is the small domestic appliances business. The second big purchase for Candy was Hoover, in 1995. With the purchase of Hoover, which made vacuum cleaners and other household appliances, Candy could cover the entire spectrum of laundry care with washing, drying and ironing. This, along with its entry into the small domestic appliances market, ensured the continuing success of the group. "We bought Hoover in 1995, which was a brand for floor products of vacuum cleaners, but the brand is also generic, so 'hoovering', as you know, means vacuuming. The brand is powerful and in this business we want to be the king of the cleaning business and expand the brand portfolio into other small domestic appliances—ironing, for example. We are a company that has been doing washing machines for the last 70 years, so taking care of the laundry cycle from the washing, the drying, and the ironing, I think that is a very nice challenge for a group like us."

"It's been a decade since first collaborating with Candy Hoover Group and has been an exciting journey. The strong collaboration lies in mutual effort, R&D knowledge, and production efficiency. Our manufactured products are exclusive to them and comply with their brand portfolio." - Mr Michael Yao, Vice President, Homa Appliances Co., Ltd.



Beppe has a vision for the future of Candy Group, and the strategy aims to help him achieve that. One of the key differences, Beppe believes, is the group's strong relationships with suppliers. Beppe's suppliers feel the same way; for example, Candy has been working with the Askoll Group for more than 20 years. Elio Marioni, the founder of Askoll, says that the partnership has remained strong despite challenges and that Candy is a 'fundamental partner'. Beppe believes that partnerships like these are what ensure the success of the company. "I strongly believe that if you want to win in this business you have to be very different from your competitors. The more different you are, the better it is in many

respects, because you avoid playing the same game with product pricing and therefore you can beat the tough competition. The supplier is able to give you this type of help. If I ask my supplier to help me in being the same as the others, this will be a big mistake. I'm asking my supplier to generate an opportunity to differentiate myself from my competition, and I need to receive great support for that."

Since 2001, Beppe and the Candy Group have worked with a number of Chinese suppliers as well, who consider Beppe family because of their close relationship. Beppe says he has learned a lot from his suppliers, especially about Chinese culture >





and entrepreneurship. "I have been working with Chinese suppliers since the year 2001, so it's now 14 years that I've been working with a Chinese partner," Beppe says. "I discovered the world of entrepreneurs that were starting from scratch, and in the past 20 years they were able to build a big company out of their ability in being a good entrepreneur. I think that this time was needed in order to make a good partner, because, as you can imagine, we also have made mistakes in the process—or I can say reasonable mistakes in this process—but in the end, we have a long-term partnership and this was an opportunity to know each other and understand the different culture. They understand better what Candy is and what we do and we know better what it means to be an entrepreneur in China, and the Chinese culture. It's a very complicated and long process. We are very happy to have found a solution to work together."

Beppe is quick to emphasise that his personal relationship with these suppliers ensures a good result for both parties. Many companies, Beppe says, have a high turnover of staff, which can impact external relationships. Because Candy is family owned and run,

there is a consistent and reliable personal connection to their suppliers. "The relationships are very important because I believe that's what makes us different from our competitors," Beppe says. "I believe that many companies—large corporations—have people that are changing their position a lot. We, of course, also have people that are changing their position, but the presence of the family and the personal relationships with those companies generates a continuity and helps to overcome the impasses."

For the future, Beppe hopes to focus on the three 'pillars' and to continue the company's focus on innovation, while remaining true to the company's history. He believes that with innovative products unlike anything else in the industry, Candy Group will continue its growth. "I think that we need to base our success on the three strategic pillars: washing, the trend initiator; built-ins; and floor care. After our evolution in the last 12 months, I am much more confident that this strategy is going to work. We can already see some very good results out of these three pillars of strategy. Therefore, I think that we will see the Candy Group as a leader in the whitegoods industry with its own specialities and a very clear

differentiating point. If I look to the list of our competitors, I see that a company of any size can be successful, provided it has a very clear vision of the market. The tradition we have is very clear and I think we can be successful."

And what would Beppe's grandfather, founder of the company, say if he was still here to see what Beppe is doing? "I think he would have said that we could have done better because he was challenging," Beppe says. "But at the same time, I think he would be proud of having Candy being a company that is becoming a true leader in many countries in the world. What could we have done better? It's difficult to say. Many, many things. Perfection is not of this world." ◦

"Midea Washing Appliances has a long-standing relationship with Candy Hoover Group that spans over 14 years. Candy Hoover Group is one of our most important partnerships and this is highlighted by our co-developed dishwasher in the industry." - Chaohui Lai, General Manager, Midea Washing Appliance Mfg. Co., Ltd

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