



Italy

STUDIO PALMERI

Commercialisti Associati

Giorgio Palmeri,
Country Managing Partner
+39 051 220555
g.palmeri@studio-palmeri.it
www.studio-palmeri.it



Founded in 1967, Studio Palmeri primarily works with small, medium and large companies in the trade, manufacturing and service industries.

These companies benefit from assistance with the start-up phase, qualitative and quantitative development, business support, rationalisation and restructuring/insolvency, management of any redevelopment and restructuring projects, as well as assistance during the final closing phases of a business.

Mr. Palmeri, managing partner, noted: "Our professional structure facilitates the processes of growth, aggregation and safeguarding of Italian business – assisting companies in major strategic decisions relating to restructuring, closure, relocation or rationalisation of production entities. The firm also identifies critical issues, suggests solutions – even beyond the enterprise itself – and takes care of relations with shareholders, management, financial counterparties, suppliers and trade unions."

From time to time, partnerships are set up with audit and accounting firms, nonprofit institutions, international chapters, merchant banks and trade association service providers when transactions have a global angle as regards corporate, tax or legal issues.

However, the main focus of Studio Palmeri is on small- to medium-sized companies as per the vision of Tiberio Frascari (t.frascari@studio-palmeri.it), co-founder of Studio Palmeri and managing partner of Imola, Bologna, which represents more than the 90% of firms in Italy.

As Mr. Palmeri explained, this business segment is characterised by a strong propensity for product and process innovations, as well as an innate vocation for international markets.

A high degree of specialisation

Mr. Palmeri added: "There is a wide market segment of small- to medium-sized companies in crisis, often not adequately serviced by qualified professional structures, in which Studio Palmeri can operate with its own offices in Bologna and Rome and its established professional links in Milan."

"From a methodology point of view, an initial analysis is performed to identify the pathology of an enterprise," he said, "in order to understand whether any discrepancies are reversible and if they require outside intervention."

Meanwhile, Italian companies are characterised by small-to-medium dimensions, with low equity levels and excessive propensity to indebtedness with the credit system and financial institutions.

Fabio Ceroni (f.ceroni@studio-palmeri.it), managing partner of the firm's Rome Office and board member of TMA, Turnaround Management Association, Italy, said: "It is also very common to find that companies are still run by entrepreneurs of 'first generation', strongly orientated to innovation and exports, often accompanied only by direct descendants and with little ability to increase the skills of governance through the inclusion of external managers. It is sometimes important to bring in external managers in order to facilitate growth processes by: mergers and combinations with other entities, and establishment in emerging and/or growth markets."

The effects of the downturn

The recent global crisis and the recession in the 'mature' economies, including Italy, has caused a general decline in revenues and profits of small- to medium-sized enterprises. Very often there is the problem of going concern, particularly in cases where the entrepreneur has orders and 'horizons' in the short term only, and does not intend to risk its own funds by injecting equity in the company.

Mr. Ceroni said: "Other problems may include the dependence of our country on the commodity markets and the difficulties of governments – increasingly committed to contain public debt – to take structural measures of growth, business support, productivity, domestic demand and employment.

"This results in a natural selection and contraction of the number of firms. Many are anxiously facing liquidity crises, now unable to support their debt and no longer able to invest in research and development – which has always been the real factor in the success of Italian SMEs in the past."

Safeguarding Italian business

Mr. Ceroni added that a separate consideration should be made for global companies that hold an investment in Italy (productive plant or trade extension), which have always been attracted by the potential and the wealth of the domestic market.

Studio Palmeri's structure is increasingly requested by international customers for consulting about processes of disposal, withdrawal or downsizing of Italian investments in light of political uncertainty and a high burden of state bureaucracy, in addition to a historical dependence on raw materials and a lack of infrastructure to support businesses.

The firm makes it possible to deliver the objective of safeguarding Italian business. In this regard, Studio Palmeri has relations with the system of Italian/Foreign Chambers of Commerce. For example, Studio Palmeri, together with the Italian-Brazilian Chamber of Commerce in Milan, has aided in relocation projects in Brazil of Italian companies no longer located in the internal markets, but which have kept in Italy their management structure, accounting and finance, research and development, and marketing, divisions.