

# 21 Invest

Shared Value  
case study:  
**Forno d'Asolo**





# About 21 Invest

Founded by Alessandro Benetton in 1992, 21 Invest is a European investment company that has branches in Italy, France, and Poland with dedicated funds for each country managed by local offices, able to provide and guarantee a profound knowledge of the territory in which they operate.

21 Invest typically invests in middle market companies, providing them with the tools and expertise necessary to grow.

The purpose guiding all managerial decisions in all investment operations is long term growth, to be realized not only by supporting a company in its development but concurrently focusing on the socioeconomic ecosystem in which it operates.

In 2016, 21 Invest adhered to Shared Value Initiative, a project launched in 2012 by Michael Porter of the Harvard Business School with the intent of creating a global community of organizations that regard solving social issues as an essential direction for business development.

As a matter of fact, 21 Invest believes that social impact and business growth can and should proceed at the same speed, because answering society's needs is a competitive advantage for the company.

In more than twenty five years of activity, 21 Invest has supported dozens of companies by helping them flourish sustainably and persistently.

This social responsibility has gradually become a key component of 21 Invest's value creation process in investee companies, in that a growing business is indeed a well-run enterprise, able to lead its employees, make the right investments, find smart acquisitions of new industrial realities, appropriately position itself in its reference market, and nurture its relationships with suppliers and customers who often can be the true source of future innovation.

**“We have decided to partner with Michael Porter’s Shared Value Initiative because it completes and enriches our value creation strategy. In many cases, looking at an investment with a shared value perspective allows us to identify new ways to reroute companies and stimulate growth,,**

→ Alessandro Benetton,  
Founding Managing Partner of 21 Invest

# Forno d’Asolo

These thought patterns and attitudes are emblematically represented by Forno d’Asolo, an investment sold by 21 Invest. Under 21 Invest's guidance, from 2014 to 2018 this leading Italian company specialized in frozen bakery has registered an extraordinary progression, expanding its product range, enlarging its distribution network, and structurally responding to a need of the Horeca sector (Hotellerie - Restaurant - Café), by restoring dignity to the barista profession with the establishment of the Forno d’Asolo Academy and innovative “Professional Barista” Master’s course.

## The company

Forno d’Asolo was founded in 1985 by Fabio and Paolo Gallina, two brothers whose longtime dream was to bring the fragrant and fresh products of their family owned bakery located in Maser, in the province of Treviso, to cafés and pastry shops far from the production site.

To achieve this goal, they showed quite innovative thinking for their time: they decided to take advantage of the cold chain to preserve the products and finish them in the point of sale. It was a winning idea, which led the Gallina brothers' business to rapidly grow: an inspiring example of an enterprise able to expand its range to the whole Northern-Central Italy thanks to the hard work of its founders.

The potential was undoubtedly enormous, because baked goods and their countless regional variations are a true Italian treasure, an essential part of its famous and much appreciated “brioche and espresso breakfast”, rigorously to be had at the café. The decisive move forward happened in 2014: recognizing an extraordinary growth potential, 21 Invest acquired Forno d’Asolo.



Market opportunity

Data from FIPE (the Italian federation of public commercial establishments) showed that the more than 150,000 cafés and pastry shops are a true institution up and down the country, numbering more than hotels, inns, restaurants, trattorias, and pizzerias.

Cafés are a gathering place and a business model registering sales of Euro 18 billion per year in Italy. Looking at the most consumed products, brioches are the runner-up after hot and cold beverages with a solid 12.6%.

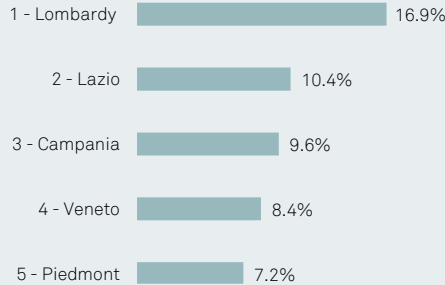
Clearly, Forno d’Asolo’s potential on the market is truly remarkable, even when only taking into consideration its bakery products. “There was a need to educate clients to develop their level of professionalism and make the barista profession and café ownership more appealing, profitable and successful”



CAFÉS IN ITALY



TOP 5 REGIONS FOR DISTRIBUTION (POINTS OF SALE)



Source: FIPE 2017

The social need

Horeca is quite a lively sector, counting close to 10,000 male (42%) and female (58%) baristas in 2017, most of which are employees. Nonetheless, the lifespan of café businesses is critical: the 2017 balance between failed and newly established businesses was negative, revealing 11,979 dissolutions and only 6.335 new registrations.

This situation is mainly caused by the widespread mentality underlying the proliferation of new shop openings: the barista profession is not appropriately perceived and a lot of people enter this world unprepared, with the incorrect belief that there are no special requirements or knowledge needed to manage a café.

Yet still, running a business, having communication skills, dealing with business dynamics such as storage, cash-flow, suppliers, customers, and the organization of spaces, as well as knowing how to perfectly prepare products, are fundamental to succeed in this type of business.

The 363 Italian Hospitality and Catering Institutes should prepare students for this profession; however, 85% of graduate students are not assimilated into the industry and end up working in a completely different field.

Moreover, the lack of value attributed to the profession is often reflected in the work contracts and salary levels of this category of workers.

“A barista’s trade is not awarded the dignity of a real profession: we intend to restore it in full. Responding to this need is our mission as well as our competitive advantage, because helping the point of sale to have a more effective display, offer higher quality products and manage qualified personnel also reflects positively on Forno d’Asolo,,

→ Alessandro Angelon  
CEO of Forno d’Asolo





### The strategy

Recognizing the enormous potential of such a widespread market, with promising expansion opportunities abroad, particularly in Germany, Austria and Switzerland, 21 Invest decided to acquire Forno d'Asolo. 21 Invest restructured its management, appointing a Chief Executive Officer and supported the company in the task of defining and realizing a long-term growth strategy.

Some of the measures that were analyzed and assessed together with the newly appointed management have revealed themselves to be fundamental to the growth that Forno d'Asolo has been able to accomplish.

→ Redesigning the management system of the commercial area by professionalizing its approach, cogently distributing responsibilities and improving the company's geomarketing planning. Fundamental new roles such as regional and district managers were introduced for the very first time in the company's history, at the same time offering career planning and opportunities in order to attract young personnel.

→ Strengthening its sales force and distribution network, by creating a network of sales agents and distributors capable of directly covering the entire Italian territory: from 2013 to June 30th, 2018 Forno d'Asolo employees have increased from 130 to 303, sales agents from 145 to 255 and distributors from 100 to 170.

→ Reinforcing the sales agents' professionalism to provide a personalized professional consultancy to the points of sale selling Forno d'Asolo products.

→ Enriching the distributors' training in order to guarantee more efficient deliveries.

→ Expanding the international footprint by creating new branches

in the German and American markets: nowadays Forno d'Asolo is the national leading company in the industry (35,000 points of sale), commercializing its products in more than 60 different countries.

→ Amplifying and innovating the product range through targeted strategies:

- significant investments in new lines of production, more than 30 million Euro in 4 years
- the acquisition of "La Donatella" in 2016, a leading Italian frozen cake and dessert producer,
- the creation of a range of vegan products to meet consumers' new dietary needs,
- the BRC and IFS quality certifications as a guarantee for customers.

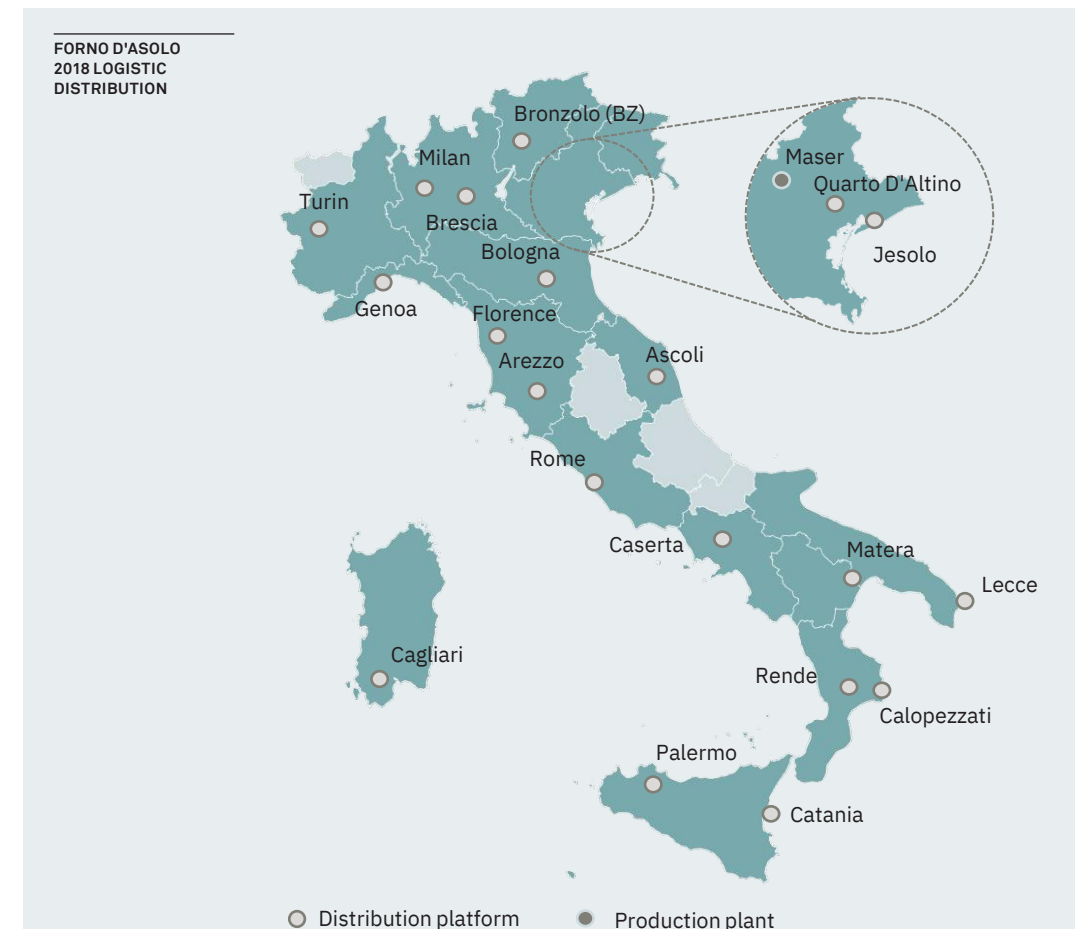
→ Optimizing logistics, by strategically placing hubs that consider stock turnaround and quality of service to be offered to the clients.

→ Equipping cafés with the best appliances to perfectly store and bake products, with more than 5,000 commodatum ovens and refrigerators offered to the shops selling Forno d'Asolo products.

→ Limiting the alarming death toll of small businesses in the industry and encouraging

→ the creation of larger points of sale with a wider offer of products and services thereby increasing their sales.

→ Offering a qualified education to young people interested in the often discarded barista profession, in order to give birth to a new generation of managers and industry experts.



**In / Out  
> 180,000**



**Over 1 million  
Km travelled**



**25 million Kg  
distributed**

The connection between Forno d'Asolo's desire for growth and the urgent necessity to provide a meaningful answer to social needs became evident during its development.

In order to continue its growth path, the company needed to help its clients grow, as well as develop the level of professionalism of café managers. This led to providing points of sale with high-quality products and transmitting knowledge in all fields required (café layout, product presentation and inventory management).

In the last few years, the company has expanded its reach to students in Hotel and Catering Institutes and young people looking for a better education.

In 2018 Forno d'Asolo agreed with twenty Hotel and Catering Institutes in Veneto to launch through the Forno d'Asolo Academy a "Professional Barista" Master's course, a completely free training course for young graduates between 18 and 25 years old who want to be professionals in this industry. It is a seven day long, intensive training course that teaches a trade that cannot be improvised and should not be considered a fallback career.

**“The Master’s course teaches how to manage a retail outlet from A to Z. It provides an overview of the basics of the trade and inspires passion for the job, as well as helps students understand if they have the potential and necessary competence to become an entrepreneur in this field,,**

→ Alessandro Angelon  
CEO of Forno d'Asolo

#### THE MASTER

The Headquarters were renovated and refurbished to house new laboratories, a kitchen and a café where students, guided by expert teachers, can practice the craft.

The students are presented with a real case study and are expected to produce a detailed project including an investment plan to launch or re-launch an ideal sales point in line with Forno d'Asolo's expectations.

At the end of this week of practical and managerial training, the students who are carefully selected after a rigorous application process, have the opportunity to do a six month internship with the aim to become the instructors ready to train professionals already working at Forno d'Asolo's clients' shops.

At the end of the internship, professional baristas have the opportunity to open their own point of sale or to find employment in one of the many cafés that are already in Forno d'Asolo's distribution network.

The Master's course, the necessary first step to cultivate and improve both the community and the territory, will allow the Forno d'Asolo Academy to teach and mold approximately 100 young adults every year, and to select at least ten of them for an internship.

This is a forward-thinking project of great scope, which intends to invigorate an industry that has suffered a lack of genuine and sustainable value creation.

***The Academy is a perfectly structured project: before attending the Master's I had some dreams, now I know exactly how to realize them***

***R. Brunello, student***

#### Results

Today, Forno d'Asolo is the Italian market leader in its industry, with extraordinary results and a clear vision for development in the coming years.

The company has been able to adopt a well-structured corporate governance, setting clear objectives for people and embracing an attentive, conscientious resource management through education, career and development plans, now a coveted place of work for many young adults and professionals.

This path paved with a desire for evolution, as well as investments in education and quality, led to fast results.

Since 2014 all Forno d'Asolo Key Performance Indicators have drastically improved:

- From 2014 to 2017, the annual sales generated by its client base made up of small businesses has increased by 6%, proof of better sales point management.
- Daily deliveries have risen from € 229,000 to € 367,000 on average.
- Agents have constantly increased sales (from 2016 to 2017 the average turnover per agent went from € 388,000 to € 406,000), thereby increasing their income.
- Applications to work at Forno d'Asolo have also increased

Today, Forno d'Asolo has over 36,000 clients compared to just 20,000 in 2014 and a revenue forecast for 2018 of over Euro 130 million, with a yearly growth of 15% from 2014 to 2018 (CAGR).

These results had an impact on the entire stakeholder ecosystem related to Forno d'Asolo, thanks to an approach inspired by the desire to generate value for all those involved.

**“Thanks to investments and specific training, sales agents and distributors have not only increased their numeric results, but they have also become stronger: they have become efficient microenterprises, healthy cells each with a positive impact on the entire territory, which provide better service and quality to the end clients,,**

→ Cristina David  
Finance and Investor Management Director  
21 Invest Italy





During its twenty five years of activity, 21 Invest has always chosen to manage companies without scrimping on investments in long term value, in order to deliver healthy businesses to future buyers that are able to offer continuity and a strategic outlook.

Forno d'Asolo represents a perfect example of this: in 2018, 21 Invest carefully selected the new owner, taking care, alongside the top management, to prepare and support a 5 year business plan that will allow the company to continue on this successful path.

The sale in July 2018 to BC Partners, a renowned international investment company, allowed investors to realize a 37% IRR on the investment.

“With Forno d'Asolo, 21 Invest has created an Italian champion of the food industry and found in BC Partners the ideal partner to pursue the already thriving growth path and to continue creating value for investors, employees, and the entire territory,,

→ Dino Furl  
Managing Partner, 21 Invest

Sources  
Market data: Federazione Italiana Pubblici Esercizi (FIPE).  
Financial and Forno d'Asolo client data provided by Forno D'Asolo CEO.

KEY  
FIGURES  
AT EXIT

Clients  
36,000

Sales at exit  
130€M

Sales CAGR 2014-2018  
+15%

Ebitda CAGR 2014-2018  
+16%

Growth of number of  
employees & agents  
during holding period  
+109%

Return  
on investment  
3.8x

