

# Progetto QUID

## Abstract

The case describes the learning process in the establishment of Progetto QUID, a social cooperative based in Verona that trains and employs marginalized women to make clothes from discarded material coming from top fashion companies. The fashion brand is led by two young founders, Anna Fiscale and Ludovico Mantoan, and was officially founded as a social cooperative in 2013. The social innovation (SI) gained a lot of traction in its initial stages, winning several SI competitions, both on the national and European level, which provided the team with mentorship, networking possibilities, seed capital and credibility. The SI also strongly benefitted from being set in the fashion industrial district of the Veneto Region, allowing the team to tap into industrial know-how and expertise.

Anna and Ludovico started working on Progetto QUID directly after finishing their Master Degrees. Hence, the skills possessed by the team prior to starting Progetto QUID are mostly limited to their academic education, and little from work experience. The main evidences and insights drawn from the case are that: (1) the majority of the skills needed to start up the SI came from the experiences had throughout the innovation process; (2) the academic background of the team in economics was useful towards its initial development, also in terms of idea generation; and (3) the context in which the SI developed was key towards the SI's successful growth in terms of providing resources, skills and know-how. The case also confirms that teams in SIs are constructed without focusing too strongly on the skills required and a condition of unbalanced competences seems to emerge as a core trait of most newly established social ventures.



# 1. Description of the case

## The context

Progetto QUID is a social cooperative located in Verona, in the Veneto Region in northeast Italy. The city's economic model follows that of the region, which is based on industrial districts or clusters. Verona was recognized as a fashion district, VeronaProntaModa, in September 2003 by the Veneto Region. VeronaProntaModacomprises clothing companies particularly specialized in Fast Fashion: textile production, artisanal laboratories, machinery and material suppliers, service suppliers (stylists, dry cleaners, etc.), wholesalers and creative services (style centers & fashion trend research). VeronaProntaModa is led by the Consortium Verona Moda.

Fast Fashion consists in producing clothes mid-season, basing production on products that have had the most success. This directly contrast traditional fashion, whose clothes are planned and produced entirely before the beginning of the season. Specializing in Fast Fashion allows for lower investment in the styling and prototyping phases but requires a larger organization of highly efficient work to cut production time. Verona Moda, as a consortium, manages the institutional relations of the industry, coordinates activities, promotes the members at fairs and other events and manages the regional funds given to the industry. Their leading markets, other than the Italian market, which absorbs up to 60-70% of the turnover, are: Spain, Russia, Germany, the Netherlands and France.

Youth unemployment levels in Verona are on the lower side of the national average and have in fact decreased from 10.4% in 2013 to 7.8% in 2014 for the 25–34 age group for both sexes. For women in the same years, the percentage went from 17.5% to 7.8% and for men it actually increased from 5.4% to 7.8%, making the unemployment level between sexes in 2014 equal. If we compare this to the rate in the next age group from 35+, female unemployment went from 5.6% to 4.9% while the men's went from 2.3% to 1.8%. It should be noted that the average age of Italian women in Verona having their first child is 31.5 and nationally, 33.5% of Italian women have their first child after 35. The postponement of having children is linked to adverse economic conditions. If we open the bracket to include 18 year olds and cut it off at 29, the numbers change quite dramatically with female unemployment reaching 18.2% in 2013 and falling to 15.6% in 2014, compared to male unemployment going from 10.1% to 9.1%. Education levels, however, influence the rate of employment of this age bracket: while employment levels between females and males are similar for those holding a university degree, the gap remains substantial between men and women holding only a high school diploma (50.8% to 37.2%). In terms of typology of work contracts, however, the level of education seems to work adversely on job security for young women, who are more often given temporary work contracts compared with young men (34.8% against 27.4%): the

percentage actually increases based on the level of education with 28.8% of women with only lower level educational titles having temporary contracts to 35.0% for high school graduates and 40.6% for university graduates. Job positions should also be considered in order to have a better understanding of these statistics but is beyond the scope of this case.

## The case

Progetto QUID, which means a “project for something more” is an ethical and eco-friendly “Made in Italy” fashion brand. The cooperative employs at-risk women to make clothing lines from salvaged textile coming from top fashion brands based in the territory. They have two types of products: (1) clothing branded only Progetto QUID and (2) co-branded clothing made in collaboration with their partner companies. Progetto QUID was founded to address the problem of social exclusion through work reintegration, particularly for women coming from adverse backgrounds including: domestic violence, prisons, prostitution, drug abuse or work exploitation. The SI also responds to youth unemployment, via its core team, which is made up of young professionals under 30. In addition to the social mission, the SI has an environmental mission to reduce CO<sup>2</sup> emissions through the re-use of discarded textile.

The two founders', Anna Fiscale and Ludovico Mantoan, primary objective was to provide employment and help to women coming from difficult backgrounds. After studying the market, the local economy and existing solutions – like Made in Carcere (a social enterprise making clothes with discarded cloth in a women's prison in Apulia) – Anna and Ludovico decided to focus on the fashion industry. Progetto QUID was founded, in 2012, as an association, and in 2013, it became a social cooperative. The initial idea was to re-style unsold items and sell them. To start off, they decided to commission the work to disadvantaged women working in two local social cooperatives, Santa Maddalena di Cannossa and Coop Vita. They found their first support from Fondazione San Zeno who funded their initial idea in 2012 with a contribution of €15,000 and who also put them in contact with some of the major fashion players in the territory, including Calzedonia. The contribution went towards supporting the initial costs of commissioning the re-styling work, the materials needed for the re-styling and renting the first temporary store.

Being young, they found it difficult to find potential clients and suppliers, as many were sceptical of the idea. However, after this pilot project, in which they re-styled unsold garments, they started to gain credibility. Furthermore, during the pilot and following a donation of scrap material, they realized it would be easier to make clothes from scratch. At this point, they changed strategies and started designing their own clothing lines. The items were at first sold in a temporary store sponsored by Fondazione San Zeno in Verona and then in Vicenza, Trento and Forte dei Marmi, thanks to an important partnership with Calzedonia. They now have 2 Progetto QUID stores, which are being leased free of charge from Calzedonia, and their products can be found in 15 retail stores across Italy. An online store will soon be launched.

Calzedonia was Progetto QUID's first partner. The collaboration was very important and perhaps vital to their current success. The know-how and expertise coming from this important brand assisted Progetto QUID change strategies from re-styling items to designing their own clothing lines with discarded material (following a large donation of un-used material), as well as opening a new line of products made in co-branding with larger fashion brands. Other collaborations with companies along the co-branding strategy followed thereafter, with companies like Altromercato, DeN Store and Mood Milano. Likewise, in time, their list of textile partnerships grew and currently includes 22 companies<sup>1</sup>. Thanks to the textile donations, Progetto QUID only spends 10% of their material costs for the accessories, like zips, buttons, etc.

In 2013, another important partnership was formed with Fondazione Cattolica, who helped Progetto QUID in its transformation from association to cooperative with a contribution of €30,000 to be divided into three sums: (1) €15,000 for the fees to become a cooperative in April 2013; (2) €5,000 in July 2014 after having accomplished specific objectives and (3) €10,000 in January 2015 upon accomplishing another set of objectives. The foundation provided only monetary support; no consulting services were offered to assist in the various phases. In the same year, Progetto QUID participated in and won Fondazione Unipolis' Culturability competition, which provided mentorship and support for the new social cooperative to enter the market, along with an award of €20,000. After a year of establishment, the cooperative joined Legacoop, a macro-cooperative of cooperatives in Italy, who provided guidance on cooperative legal issues and brand management.

In 2014, Progetto QUID participated in two SI competitions: the European Social Innovation Competition and the European Investment Bank's (EIB) SI Tournament. In both competitions, they received training and mentorship on their business model, sales forecasting, commercial strategies and marketing. They were also able to compare themselves with other social innovations across Europe. Both competitions were useful for networking, inspiration and the advice given by experts. Progetto QUID was the 2014 winner of the European SI Competition (and was granted €30,000) and a finalist of the EIB's SI Tournament. The prize money and donations were used to help the cooperative pay for the machines necessary for clothing production in their laboratory.

As can be seen, the founders were given substantial support from their initial partners and benefitted greatly from the industrial district in which they are located, giving them access to a network of territorial actors with the know-how and experience able to support their development and bridge their gaps in skills, knowledge and experience. Their economic performance is also reflective of this: the cooperative has consistently increased their turnover (donations

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<sup>1</sup>Berto Industria Tessile, Besani Srl, Deimos S.p.a., Delago S.r.l., Erco Pizzi S.r.l., Gilberto Capelli Maglificio, Grazia Bagnaresi, Hat Studio, Lanificio Faisa, Ledatex, Mabo S.p.a., Maglificio Maggia S.r.l., Mas S.r.l., Mazzocchi Passamanerie, Mekkitess, Olimpias Group, Piave Maitex S.r.l., Serikos, Staff Jersey Tessuti, TBM Group, Tessitura Rossi S.p.a., Tessuti d'autore and Zanetti Moda S.r.l.

accounted for separately). The primary source of revenue comes from their co-branding projects (70%) and the rest from direct sales in their stores (30%). In 2016, they would like 40% to come from direct sales and 60% from co-branded items.

In terms of their social performance, Progetto QUID has also increased steadily the number of disadvantaged women employed in the cooperative rather than commissioned from local cooperatives. Progetto QUID's organizational structure is made up of a core team of the original founders, Anna and Ludovico, as well as two other partners, who are less involved. The cooperative currently employs: 12 disadvantaged women directly and 2 via the Cooperative Santa Maddalena di Cannossa; 2 professional seamstresses who train the women and direct the creative design and 1 from the core team, the President Anna Fiscale. There are 17 women in total and 2 men, 10 of whom have temporary work contracts and 9 of whom have permanent contracts. Salaries are in the average, with part-time contracts at €700/month and full-time contracts at €1,200/month. The division of work is based primarily on skills. Anna manages the commercial aspects and partner relations, while Ludovico deals with the administrative and bureaucratic aspects. The creative design is managed by two young women (22 and 29) who take care of designing the clothes and coordinating the training sessions for the women. The core team, which includes the founders and the creative department, reflects the cooperative's mission to also provide work to young professionals. Another output is the sourcing of the material in terms of the amount of material salvaged (recovered waste) and consequently the number of items sold, which signifies also a level of contamination in the community of the social and environmental values of the cooperative.

## **2. Description of the learning process**

Progetto QUID is a young SI, both in terms of the SI itself having only 3 years of activity and the team being composed of young professionals. The learning processes are thus focused on the start-up period of the SI and the professional development of the core team. The primary knowledge gaps concerned know-how of the fashion sector; business skills, like: leadership, human resource management (both of the core team and particularly the disadvantaged women), production management and pricing; and professional skills, like how to present oneself and the company to different audiences.

Anna and Ludovico started Progetto QUID almost directly after finishing their Master's degree. Anna got her B.A. in Business and Economics from the University of Verona. She spent one year abroad via the Erasmus program in London and completed an internship in India for an NGO working on women empowerment. She then got a double-degree Master in Economics and Management of International Institutions and NGOs from Bocconi University in Milan and the Sciences Po in Paris. During her program, she worked for an NGO in Haiti for four months and the European Commission. Following her degree, she worked on a CSR project for a year in Verona for Cattolica Assicurazioni. During this year, she started working on Progetto QUID with co-founder, Ludovico, who

got his Masters and P.hD. in Business and Economics. He's also a certified accountant and follows all of the administrative, bureaucratic and accounting needs of the cooperative. The formal education of both Anna and Ludovico, developed in university, gave them the basic skills to start Progetto QUID, i.e. how to make a budget, resource planning, cost optimization, etc. In the words of Anna, her university experience gave her the *forma mentis* on which to build Progetto QUID (A. Fiscale, Interview, 5 July 2016). Beyond the skills related to the economic tools necessary to start a company, through her various internships in NGOs and CSR projects, she was able to acquire a sensibility and know-how of social problems, particularly those afflicting women from certain socio-economic backgrounds.

After settling on the idea of using fashion as a lever for social inclusion, Anna and Ludovico were confronted with the challenge of learning the skills necessary to create a brand. Nor Anna or Ludovico had experience in the fashion industry or with how to evaluate a product or work with creative professionals, all of which were picked up along the way, either through the help of their partners or by observing trends, competitors and conducting market analyses. As seen above, their collaboration with Calzedonia influenced their strategic development quite heavily, shifting their idea from merely re-styling already finished but unsold items to designing garments from scratch with discarded material and furthermore taking advantage of the partner's distribution channels. Co-branding, as seen in their revenue streams, is their most important activity for now. Through their interaction with Calzedonia and Altromercato, the team was also able to observe how to conduct themselves in the business environment and were given access to even wider circles of business connections. As a large part of business acumen comes from experience, being able to observe closely how their partners conduct business was of key relevance. Practical skills –like learning different ways to present the company to a potential client or a warehouse manager or a supplier – and business acumen were acquired also through experience and trial and error: for example, they learned how to plan the timing of a work order and its costs by failing to make a correct estimate and having to rush to finish the order on time.

The founders also immediately sought out partners and collaborators possessing fashion design skills to team up with and include in their team. This however brought on another challenge of how to work with creative professionals. Where before decisions were made between Anna and Ludovico primarily on the structure of the idea and its sustainability, they now had to also manage the creative process in these decisions. Furthermore, as a social cooperative in Italy, Progetto QUID is required by law to hold regular board meetings with the cooperative members that are governed by a “one head, one vote” system.

Other critical learning moments occurred when the team competed in the European SI Competition and the EIB SI Tournament. Both experiences offered mentorship to the team on how to better construct their idea and transform it into an enterprise. The former worked specifically on how to structure a pitch for investors or to potential clients, as well as presenting the spectrum of social investment funds and tools available in Europe. The latter focused more on how

to formulate a business model, while also focusing on how to present the product.

As mentioned above, the experiences had with their partners, particularly Calzedonia and Altromercato, allowed the team to bridge skill and knowledge gaps, likewise, gaps were bridged also when interacting with suppliers, the disadvantaged women and the team itself. For example, Anna learned from Ludovico how to analyse the cost of a product, price them based on material costs and production time and understand the cost of every minute of production. Their co-branding projects in particular helped them acquire the knowledge needed to acquire a more professional working method and style. The managers, not only from the partner companies, fashion experts and fashion stylists, but also from the foundations they work with, provided them constructive criticism, which allowed them to move forward in their strategy. These moments were quite critical to their strategic development. They also learned how to find a communication strategy for both the project and the product.

Furthermore, working with the cooperatives from the very beginning when they were commissioning their work allowed them to learn a lot about the particular issues regarding employing women from difficult backgrounds and slowly develop an internal work structure and training process for those hired directly, which also takes advantage of the social capital created by the cooperative, i.e. the two volunteer seamstresses who train the women. Moreover, from a legislative standpoint, the founders learned the requirements of the law on type b social cooperatives in Italy (which require that 30% of the workforce belong to a disadvantaged category) and were further supported by Legacoop. More knowledge in this area was also acquired from their labor consultants who help them make the work contracts for the women and for themselves.

As a young SI with limited resources, there are currently no feedback mechanisms at present or formal evaluation tools.

### **3. Discussion**

Progetto QUID contradicts some of the characteristics of newly established social ventures, in which we typically observe gaps in business and managerial knowledge (Terstriepe et al., 2015). Both founders were formally trained in business and economics, which is unusual. In the majority of the cases, the expertise of founders of mission-driven organisations is bound more to the social problems being tackled than to the transversal competences necessary to run the organisation (Ibid.).

The case also confirms that in the field of SI, the start-up teams are often created without the primary objective of setting up a balanced system of competences and experiences (Ibid.). The typical obsession seen in tech start-ups to integrate competences of start-ups seems to be completely absent both in the founders

and in their financial supporters. In the for-profit sector, a similar venture, having no internal knowledge in the specific business domain (fashion apparel), would have likely had difficulties raising consensus among business partners, financial supporters and stakeholders.

A condition of unbalanced competences seems to emerge as a core trait of most newly established social ventures, even if normally in the opposite way than Progetto QUID (lack of business and managerial competences). These structural knowledge gaps are probably bound to the presence of multiple missions and bottom lines, which in a sense make mission-driven organisations much more complex than for-profits, and which would call for a wider integration of competences as a way to also combine antagonistic logics and assets, and achieve better results.

The case also highlights how introducing or strengthening product and brand design (alas: knowledge related to new product development and brand management) is an emerging challenge in ethical and cause-related marketing. As social and/or environmental values are not enough anymore to encourage consumers to choose products over other similar goods or services, and as competition has become tough also in this field, integrating knowledge on product and brand design is becoming ever more important. While Progetto QUID could externalise the design of the fashion collections, knowledge on brand design and management was built “in the making”, and internalised thanks to the relations had with many external partners and stakeholders. In both cases, being located in an extant industrial cluster played a relevant role in facilitating the provision of knowledge.

Looking at the case in the perspective of the background of the entrepreneurs (Rae and Carswell, 2001), it is confirmed that capabilities are developed in formal education but also through life and work: early life, early career, engaging and entering the venture and growing it are all relevant stages of the life-story of the two entrepreneurs, which set a connection between their individual learning and their achievements.

As Progetto QUID is a young organization with a small team, most of the learning occurs at the individual and team level, through typical mechanisms of cooperative learning (Smith & MacGregor, 1992). The case clearly shows that in nascent organisations the individual, team and organisational learning (as well as individual and organisational culture) tend to overlap.

The SI has codified some of the learning through training sessions, but the majority of the experience-based learning is double-looped, in which the two founders test various methods and change their strategy based on corrected assumptions made on customers, products, services and/or strategies (Argyris and Schön, 1996). The knowledge acquired is then shared with the core team and new strategies are devised. For example, the decision to make co-branded products and have them distributed in their partner’s distribution channels was the result of having made an incorrect assumption on the product and the production process. It was also made due to a more accurate analysis of

customer needs. The decision to change involved the entire team as it involved the whole organization. While the input was given by Anna, the learning process involved the whole team.

Furthermore, as seen above, Progetto QUID is highly embedded in the local territory and has accrued a substantial level of social capital, through which it was able to acquire knowledge (e.g. through their collaboration with Calzedonia and Altromercato) and resources (e.g. their stores, textile, etc.). This is in line with what Inkpen and Tsang (2005) affirm: social capital, as a jointly owned set of resources that accrue to an individual or group by virtue of their social connections, can be significant in knowledge acquisition and transfer between network members (Inkpen and Tsang, 2005).

Progetto QUID has furthermore benefited greatly from the knowledge transfer generated from the Verona Pronta Moda industrial district. Organizational knowledge transfer occurred through mechanisms bound to the network types (intra-corporate networks, strategic alliances and industrial districts), as they were described in literature (Gulati, 1998, 1999; Inkpen and Tsang, 2005). The knowledge held within the district was vital for the successful development of Progetto QUID.

As a young organization with few members, organizational learning is mostly fueled by the core team and rarely involves the peripheral levels of the organization. However, being young, failure is common and hence moments for learning comes at a frequent pace and new knowledge is discovered. With limited resources, it is difficult to imagine that the team will invest in knowledge transfer mechanisms in the near future. However, it could be interesting to see how the multi-stakeholder dimension of the cooperative could result to be a tool for organizational learning, as well as future impact evaluation mechanisms. Progetto QUID has already had a taste of this in its meetings with the Fondazione Cattolica, to whom it had to present performance indicators in order to be granted the next installments. This gives us the opportunity to highlight the importance of wider spread knowledge on impact assessment in the field of SI, together with simpler and less resource-intensive impact assessment tools.

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