



The CEO. Cristina Scocchia, Illycaffè

'I see my role as a doctor's – once I am done I move on to the next patient'

Boss of coffee maker is applying lessons from Covid and cosmetics to overseas expansion, writes *Silvia Sciorilli Borrelli*

Cristina Scocchia, one of few female chief executives in Italy, landed her first internship in 1996 by pretending.

"On the CV I sent Procter & Gamble I had written I spoke 'good' English, but I didn't speak good English at all, and after passing the writing test I had to sit for an interview with an American executive," recalls the CEO of coffee manufacturer Illycaffè.

Her would-be employers shouted at her; Scocchia confessed – and set out some mitigating circumstances. "English wasn't taught where I'm from," she recalls. "They would have never considered my application otherwise [and] I really wanted to have the opportunity to show them I was good . . . it was my American dream."

Years later she became her interviewer's boss as she climbed the ranks at the US multinational's European headquarters in Geneva, ultimately becoming head of international cosmetics operations. "Eventually I learnt English," she laughs.

Scocchia, 50, has been the chief executive of three different companies in the past decade, in a country where only 4 per cent of all CEOs, aged almost 60 on average, are women. "I doubt I would have had the same career trajectory had I not left Italy," she says.

She has honed her leadership skills in

difficult business cases, including a turnaround at Kiko Milano, the make-up brand in which LVMH-backed L Catterton took a majority stake this year. At Illy, which she joined in January 2022, her task is not rescue but expansion: taking the family-owned coffee manufacturer public and increasing sales outside Italy, in the face of supply chain pressures, climate change and environmental degradation posing profound risks to the coffee trade.

"I came in with a clear objective . . . to grow internationally so we are ready to list," she says. "I see my role a bit like

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a doctor's . . . I like taking care of a specific condition, once I am done with the job I like to move on to the next patient . . . before Illycaffè, the patients needed turnarounds, here the challenge is a new one for me."

From her offices in Milan, Scocchia says she is optimistic about ensuring international expansion despite headwinds that could jeopardise IPO plans. "The company posted its best results ever in 2023 without offloading extra [raw materials and logistics] costs

entirely on consumers."

In 2023, revenues grew more than 5 per cent year on year to about €600mn, while profits jumped by 67 per cent compared with 2022. Italy's third-largest coffee maker by revenue, Illy already exports two-thirds of its products abroad, yet the international business remains "fragmented", says Scocchia.

Her plan is to focus on expansion in a few lucrative territories especially the US where chair Andrea Illy, the founding family's scion, said last year he ideally wanted to list. The US accounts for a sixth of Illy's total revenue; under Scocchia's five-year plan, it should grow to a share equalling that of Italy, which constitutes a third. The company also wants to expand in China, where consumers prefer tea. "If we convince even only 1 per cent of the population to drink Illycaffè it will be a big win."

Illy beans are mainly sourced in South America, then shipped back to Trieste, the company's headquarters in the north of Italy, where they are processed and packaged. They are then transported back across the Atlantic to the US, where a 250g tin sells for about \$15. "Americans love 'made in Italy' products, so it has to be made in Italy," Scocchia says. But the logistics involved expose Illy to volatility.

Since the outbreak of the Israel-Hamas war last October, diversions to avoid the Suez Canal have lengthened journey times and reduced the number of ships available, increasing costs by more than 30 per cent. The price of raw coffee has also jumped since Scocchia's initial projections, due to climate change and, in part, war in Ukraine. "We completed our business plan in February 2022 based on a [certain] raw coffee cost of 110 cents per pound, by the following month the price had more than doubled." Deforestation — "not just a huge problem for our industry but for communities in developing countries too" — is likely to make this worse, threatening to make half the world's coffee plantations unusable by 2050.

Between 2022 and 2023, production costs rose more than 17 per cent, Illy offloaded only a third of that on to consumers. "We decided to shoulder the rest and compress our margins," says Scocchia. "If you are an ethical company, you need to be ready to do your part." The first Italian coffee manufacturer to achieve B Corp status, its chair is a sustainability pioneer and has historically paid growers above market value to maintain supply.

Scocchia was already familiar with Illy when she joined: in 2019, Andrea Illy approached her to join the board. "I think it was a way to sound me out, get to know me better at board meetings." She had aspired to be a CEO since childhood; not, she says, because she was "thirsty for power", but to show "responsibility to lead and care for a community".

She says her time at P&G pushed her to reject "easy roles" in favour of challenges. "My boss at the time pointed out it was easy to come up with a marketing strategy for a desirable product . . . where you could make a difference with an uninviting one."

One early success was leading the turnaround of dental prostheses adhesive Kukident, in part through a hit

advertising campaign. It showed an elderly couple kissing in the rain with a voiceover saying: "Just one of the two wears dentures — guess who." Making an unglamorous product sexy, she realised, could be fun. "The teaching that has made a difference [is to] make an impact where there are challenges."

In 2013, Scocchia was poached by L'Oréal to head its Italian business, which at the time had not been profitable for years. She took the helm at Kiko Milano in 2017 to mop up a failed international expansion. In her first three years, Kiko was forced to exit the US through a Chapter 11 bankruptcy of its domestic subsidiary, to cut almost 800 jobs, close 14 per cent of global stores and embark on a complicated debt restructuring. The company doubled its earnings before interest, tax, depreciation and amortisation in 24 months.

Scocchia says the experience was "a huge human and managerial challenge". But soon after the business returned to profitability, Italy became the first western country in lockdown as the Covid pandemic wreaked havoc, with

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Bergamo, where Kiko is headquartered, among the worst-hit areas.

"I decided we were going to shut down the business, including the ecommerce channel, before the Italian government ordered the lockdown, because I had no way of making sure staff and suppliers could stay safe," Scocchia explains. "It wasn't any easy choice right after completing a two-year turnaround, people feared they were going to be laid off . . . but we promised it would not be the case."

Ultimately, she kept her word: despite suffering a 30 to 50 per cent fall in revenue, the company avoided job losses

and continued to pay salaries. She describes the pandemic as the most "fulfilling" moment of her career. "I was finally able to put into practice what I have believed in since my childhood: leadership means responsibility not power."

Now at Illy, she says she is applying the same principles: pushing ahead is a responsibility. "If companies just pull back, economies will be paralysed," she says. "We are doing everything that is in our power to move forward and carry out our plan."

While ramping up local operations overseas, she plans to maintain a strong grip on production and sales from Trieste, improving co-ordination across different areas of the business.

"That means being willing to question yourself and demonstrating what you are worth," she says. "A top-down leadership approach never helps."

A day in the life

6.30am Wake up and have breakfast with my son. I like to spend time with him before he leaves for school. Once he heads out I read the papers (online).

8am I have my first call on the way to the office, many more follow if I'm not travelling.

12.30pm I often have one-hour business lunches, then head back to the office and continue with calls and meetings until the evening.

7pm Leave the office and every so often I'll indulge in a massage or meet friends for an *aperitivo* or dinner. I don't drink but I love food! If I'm home, I love reading a good book after dinner.

Midnight To bed.



Cristina Scocchia says she had ambitions to be a chief executive since she was a child because she wanted the 'responsibility to lead and care for a community' — Alberto Bernasconi/FT