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# 1

## A place called Arteixo...

Reaching Sabón trading estate, in the neighbourhood of Arteixo, a bare ten kilometres from A Coruña, was neither easy nor something that many people did just a few years back. It's a good deal easier today, although the north-east is still one of the more difficult areas of Spain to approach as far as transportation is concerned. Today there is a respectable motorway, completed in 2002, running into and out of the central plateau, but it still doesn't connect up with the Cantabrian coast or other enclaves in the Peninsula. Going by train is still a nightmare – nine hours from Madrid and more than fifteen from Barcelona – and with the weather making Alvedro airport, eight kilometres away, unreliable, air connections aren't exactly excessive. And yet the district, which takes its name from the neighbouring beach, watched over by one of Unión Fenosa's power stations, contains one of the most dense concentrations of important business in Galicia. One of the reasons for this is that, while its 3.5 million square metres are home to around a hundred companies, it happens that you'll also find there one of the few Spanish groups that can really claim world leadership status in their field.

It's not an easy location to spot – just a small silver-plated notice, attached to the side of the greyish wall flanking the entry, tells you where you are. It's quite a modest name-plate, rather humble compared with some of the flamboyant signs identifying the head offices of some of the other business which are frankly nobodies by comparison. The head office is also quite modest, a mixture of grey and white courses of stone with a glazed surface, greenish as it reflects the neat lawn that edges it. You could even imagine a less informed visitor wandering about the trading estate experiencing some degree of frustration at being unable to find it. It could happen to anyone who knew that the group has around twenty production plants and a huge logistics centre in the area as well as the administrative offices, and yet there is no sign anywhere of that incredibly well-known name, the name

that brought the traveller there. Only those in the know will connect the perfectly visible names of Fios and Goa with the textile group.

It's a fact – you can't see the name Zara anywhere, not on any building, office or signboard. You might be able to guess you were there from what's painted on the rear side of one of the huge trucks moving in and out from the warehouse loading docks, always assuming it happens to be one of the days for shifting stock. And the fact is that there aren't just four of those silver letters we mentioned above, but seven, and what you read isn't Zara, but Inditex. That is, as it happens, the real name of the company but it's almost inevitable that, as far as most people are concerned, much better known is the four-letter name which in the last thirty years has invaded the commercial landscape of the main foreign and Spanish capital cities, and established itself in the most central locations or business districts as they have grown up around the edges of the cities. This has reached a stage where today it's difficult to stroll through the centre of a city, in Spain or any other of the most visited countries in the world, without coming face-to-face with the logo that has just two consonants: Z and R, and the repeated vowel A, on the façade of one of the most attractive shops in the area. You get the same sort of effect on the internet – keying Zara into Google gets you 15.2 million references, as against a mere 1.2 million for Inditex.<sup>1</sup>

Zara is and has been for quite some time the best known Spanish brand at the international level. It's also the only one listed among the hundred most valuable companies in the world, in position No. 64, higher than such well-known brands as Apple's iPhone, Nintendo's Wii or the Starbucks Coffee chain, standing as the one which made most progress in 2006, and is beaten only by Google.<sup>2</sup> Needless to say it heads all the Spanish names, way above Mango, Seat, Camper, Iberia, Banco Santander or Real Madrid. Most of these, of course, are among the largest advertisers in the country, with huge media publicity budgets, which is very unlike the Inditex group's corporate style.

Even so, when it comes to recognition, Zara has the advantage of Inditex. It's more common to hear people comment on the *miracle* of the fact that this is the number two clothing business in the world, than the fact that this position refers to the group which operates under the other name. This is even though the group includes, along with Zara, another seven, soon to be eight, *sister* chains and around a hundred companies under its control, the majority directly related to its core activity: fashion production and sales, basically in the textiles area.

At the beginning of December 2007, the group owned 3626 shops in 68 countries in 4 continents: Europe (3052), America (292), Africa-Middle East (196) and Asia Pacific (86). Its world-wide team is 76,000 strong, mostly women (75 per cent), with a distribution of around 630 million garments per year and with rather more than 2 million square metres of commercial surface. Other indicators are an EBIT margin (Earnings Before net Interest and Tax) standing at 16 per cent over the sales figure (gross of 58 per cent), which keeps steadily rising slightly, despite the considerable growth process.

No less expansionary has been its development on the stock market over the past five years, reaching the position as the most outstanding share on the Spanish reference index, Ibx 35. Since it was floated, after the Initial Public Offering (IPO) in 2001, its shares have risen in value by 248 per cent, reaching a maximum capital value of 31,883 million euros, at the close of the stock market session on 5 November 2007 (53.25 euros per share). Any Inditex figures are in serious danger of being out of date as soon as they're included in any text that isn't absolutely new. This applies to everything, such as the number of shops opening every year: around 500 in 2007, with the consequent effect on figures for sales, jobs, and everything else included in the Appendix, for the 2007/2008 financial year, the last for which we have data, with investment exceeding 1,000 million euros. To this should be added the fact that in 2007/08, it looked as though budget forecasts would grow by around 20 per cent in the majority of the lines, profits and sales areas open to the public in the various chains.

The group is involved in a growth process which is frankly more than just remarkable. Last financial year, between 1 February 2006 and 31 January 2007, 439 shops were opened, creating 11,000 new jobs world-wide with an invoice figure 22 per cent higher than the preceding period, reaching a sales figure of 8196 million euros. Sales are basically concentrated in Europe, with almost half of them in the Spanish market. This means that Inditex business comes mainly from its stores outside national territory. Even so, Zara's pre-eminence is not simply a result of public awareness of the company. The chain has more shops (1,120, in 68 countries) than any of its sisters: Pull and Bear (497 in 35); Massimo Dutti (424 in 32); Bershka (506 in 35); Stradivarius (373 in 24); Oysho (283 in 22); Zara Home (197 in 20); Kiddy's Class or, as it is known in other countries, Skhuaban (226 in 5), according to figures updated in December 2007. Of the total number of stores, 89 per cent are owned and the remaining 11 per cent are franchises, with a sales distribution in similar percentages. Another fact showing the

relevance of Zara is that it receives some 17 million visits of the 27 million annual visits received by the various group websites; one per chain, plus the corporate site. The Inditex *invoice* figure is topped at world level in its activity sector by only the US group Gap, and in 2006 it overtook its great European competitor, the H&M group, though to tell the truth a visitor bent on research wouldn't notice the fact in the busy heart of Arteixo – or at least no one makes much of a fuss about it.

There is very little doubt that, sought for or not, the absence of external signs on the many thousands of square metres occupied by Inditex in Sabón suggests some signals that a more in-depth analysis would confirm. One of them might be communicating that neither there nor in the other corporate, industrial or logistical premises occupied by the group is anyone concerned with external signs of size and relevance. This is the complete opposite of the philosophy to be seen at the shops: always chasing what can be seen, identified – and what is spectacular! It is in the stores that the essential process which lies behind the success finds its beginnings. But if the stores are highly visible, there is clearly much more to it. In reality Inditex is today a conglomerate of hundreds of companies, from which naturally there are eight which stand out as being specifically dedicated, managing the many other chains, or concepts, in the group: Zara, Pull and Bear, Bershka, Oysho, Kiddy's Class, Massimo Dutti, Stradivarius and Zara Home. And then there are the foreign subsidiaries, manufacturing plants, textile industries and on-line purchase centres, dealing in everything from real estate and interior design to construction.

Not everything is in Arteixo. The main headquarters of five chains and the associated distribution centres are to be found in other parts of Spain: Narón (A Coruña), Tordera (Barcelona) and Sallent (Barcelona). Then there are logistics platforms in Zaragoza, León, Elche (Alicante) and Meco (Madrid), to name only the most significant locations within Spanish territory. The factories, however, are more concentrated: of the 21 which the group owns, 18 are in the Sabón area.

Going back to the beginning of our story, that silver sign opens the way to a huge space that doesn't look very special. This is the corporate head office, known in-house as the Cube, but it's also the heart of the design and commercial sections for Zara, Kiddy's Class and Zara Home, the departments of the office which manages the asset investments of the president, Amancio Ortega, and the foundation which bears his name.

Entering the general premises in Arteixo gives rise to a range of sensations, depending on which route the guided tour, which the company itself

likes to organise, takes you. The corporate HQ, opened in February 2000, has a surface area of approximately 55,000 square metres, 11,000 of which are dedicated to design and marketing. All around are 18 of the group's factories, with a total of almost half a million square metres and another half million destined for the main logistics centre, devoted almost entirely to Zara, given that this is the only chain with product which is mostly its own production, since other companies source their supplies from goods produced or sold by third parties. In total, some 3,500 people work for Inditex.

Most of the factories work only one eight-hour shift per working day, maintaining a surplus production capacity to cope with possible demand spikes from the shop network at certain times of the year. The two factories in Narón, near Ferrol, which produce knitwear for all the chains in the group, operate round the clock, that is, on a three eight-hour shift system, and yet even so, every year the volume purchased from third parties to supplement their own production grows. Returning to the tour of the headquarters building itself, from the garage (beneath the main headquarters building) you emerge into a brilliantly lit entrance-hall full of people hurrying in all directions. Not too many ties can be seen, except in the case of some visitor or other or a manager minded to be an exception to the general rule. Would it be because no one can remember ever seeing Amancio Ortega wear a tie? His presence is felt everywhere, yet nowhere in particular. Even so, the majority of the clothing to be seen looks deliberate – this is, after all, a place where fashion is the company's *raison d'être*. It's quite another matter to try to pick out a definite style, a concrete personality. The fact is that Inditex or, to use the more widespread name, Zara, is not one style, but a number; you have the feeling that the people passing before your eyes are making their presence felt throughout the length and breadth of global society.

Would this be the first secret you try to discover when you strive to identify how and why everything which has taken place in the trajectory of this company has happened in less than fifty years? Maybe it would be just too easy and simplistic if it were really like that.

Today the Inditex HQ receives hundreds of visitors every day and has a quiet, but efficient, reception system set up so that the entrance procedure is economical with time, even though some basic security checks are essential. Yet it was only ten years ago that the group's top management shared an almost dilapidated annexe to one of the industrial warehouses with all the rest of the staff. It was practically a shed, with a few plain offices and a dim

meeting room, which was also the library, and had no external windows. You could walk in there almost unchallenged, and the only people who did were just a few suppliers, plus, of course, the thousand employees, now spread out through some dozens of countries, who made their way there for their training: a kind of immersion in the culture of the company, with mandatory try-outs in the pilot stores which, display window included, were to be found in the basement of the main factory building.

It hardly needs adding here that at that time no analysts or researchers – now so common! – made their way there, nor, as now happens, did you hear any other language which wasn't Spanish or, with a practically equal number of speakers, the most colloquial Galician.

Seated on the comfortable couch provided for the visitor, you can now fine-tune your observation. You will see a row of small rooms with twin doors in which scores of suppliers, or would-be suppliers, present their ranges of merchandise. The rooms contain a large rectangular table for the sample, but no chairs, nowhere to sit, for the benefit of efficiency and speed. This is helped, no doubt, by the two access doors facing each other: one is always open, for the use of outsiders; the other, generally closed, leads directly to the great rooms where the design and marketing areas mingle. There is no place here for excessive, unproductive courtesy, though, of course, gracious and attentive friendliness is ever present.

You feel that the corridors are redolent of firm, established conviction, immovable principles, tested and hardened by success, and yet you also detect the fact that anything can be turned completely upside down if it can be improved. These are the corridors and rooms which any employee or manager might be seen walking through, perhaps less now than before, with Ortega himself with his enigmatic question: 'it's been a while since we went over a few things ... Is everything going OK?' Following which, the subject of the question would scurry speedily back to his workplace to check with his colleagues as to whether something is actually happening or has happened that he ought to worry about. It wasn't so long ago, either, that most of the people passing through here knew each other, but now it's getting difficult and it's only sometimes that you know who's who.

Once the visitor has been greeted by a member of the company, next he cautiously tries to find out the extent of any in-house understanding of the facts best known outside the company: group number two at world (invoice) level, stock market valuation in excess of 30,000 million euros, a fashion house which is admired, studied, envied... but the response appears

with suspicious unanimity which makes you doubt its spontaneity, that no one is really aware of it or concerned about it. Some repeat an expression attributed to Amancio Ortega: 'Die of success? Give me a break! We've only just started!' Maybe that really is the case, that the company feels strong, but not perfect, subjected constantly to the question as to why a thing is done the way it is done, and whether it can be perfected.

You have the feeling, or at least you officially register the fact, that being the number two company in the world impresses no one, but nor would it bother them if they became number one... some time. Talking about competitors means talking about H&M, but Mango, too, with the dominant consideration that they are quite another matter, although someone is bound to add that the Catalans (Mango) actually haven't got it quite right, with the rider that the official attitude is that everybody has to be watched permanently – you never know what may happen. And someone is sure to remind you, as though in passing, that in 2001 Gap failed with their season's range and their (non-integral) production model prevented them from reacting in time, which meant the financial year closing on a sharp drop in profits. A subliminal message? Perhaps. And a chance comment might even be made that the difference between their rates of growth, high at Inditex and little more than zero at Gap, plus the possible persistence of a weak dollar, may mean that world leadership is nearer than expected, not that it matters.

The dominant impression is that there are people on the move everywhere, evidence of activity. Or rather, the activity is much more in some places than others, because the contrast between the corporate section and the others is very marked. Equally it's surprisingly varied, depending on whether you're visiting the production plants and particularly the logistics centre on the days set aside for deliveries and the rest of the week. Days of lots of action... and of none, in a word. If you've come looking for messages, themes, even pathways to lead you to the marrow of the culture and the secret of the success of Inditex, tough luck! The walls carry neither posters nor murals, except maybe a few which remind you not to smoke, among other things. But that doesn't mean that the kind of evidence you seek isn't floating in the air, and to some extent you can pick something up as you make your way through the departments, listening to conversations here and there: enthusiasm, responsibility delegated and shared, demands, human dealing, appreciation for an effort made that others might have sidestepped... values which always end up attributed one way or another to Ortega, providing the example, the drive... and perhaps a certain level

of vigilance because *the watchful eye of the owner fattens the calf*, as we say in these parts.

Design and marketing – this is the heart and soul of Zara, despite no one's seeming to know that there the creative process starts or finishes. Physically, we're confronted with vast open spaces, without divisions, rooms or offices placing borders around duties or responsibilities. The tables are large, yet light, grouped by product speciality: women, men, the young, children, sport, throwing design and marketing together without a sense of movement from one to another. Nothing distinguishes the boss from the new boy, except when a more careful eye identifies who appears to be driving the most conversations in the various areas. And even these are only identifiable by visualising what typology predominates in the variety of objects spread over the tables: photographs, patterns, some dismantled garments, drawings, magazine cuttings, all looking like an apparently chaotic flood of inspiration and creativity around the computers the designers use in their work to create, adjust and transpose the data supplied by the marketing colleague. Creative chaos? It could be.

Clothes are everywhere, on the tables, on hangers, on chairs, though seldom on dummies as is the popular belief. For try-outs the staff use each other, as though comparing use over one or several days as it might extend to the potential customer. The single exception to this is the children's lines, which have to be tried out on artificial dolls, because no children are to be found working for Inditex, as laid down in law and corporate social responsibility practice, naturally in Spain, but also in any of the emergent nations where they carry on their activities or which provide product bought from third parties. A big smile, however, is the answer from any employee if you ask them whether they take work home, to try out a garment in the family environment.

The fact is that there is evidence everywhere that Zara is, for many of its people, much more than just a workplace and the monthly payslip, and this is true not just for the hundred of scouts wandering about the planet with digital cameras, striving to capture tastes trends and fancies from various socioeconomic groups, but in general, whatever the official task might be. Something suggests absorption in a culture which extends much further than what is normal and standard in a work relationship. Is this another of the secrets sought by those who fail to understand the phenomenal success of this Galician group which went world-wide? Careful investigation also reveals another of the mysteries which, maybe less now than in the past, hints at one of the realities of Inditex: why are the most promising

graduates of the national and international design schools choosing to live in Arteixo, rather than Barcelona, Milan, Paris, New York or Madrid? Directly probing the matter raises in more than one of these people a certain expression of incomprehension, but very soon the true motive emerges: in this company, you can *design*. The matter certainly deserves some clarification.

It hardly needs repeating that the world of fashion is savagely competitive; and the competition extends to capturing creative talent to add to the design sections. Even though creation isn't everything, it's the very origin of the business and the activity at Zara as with other businesses, and maybe more so, because it's as important, or difficult, to create something from nothing as to do so by interpreting the tastes and trends of the market – the customers – welcomed by the stores which the groups have opened throughout more than half the world. In short, this means that the main businesses in the sector are also competing to capture talent for their design and creation departments.

However, the fact that Inditex is involved in this dispute may give the lie to, or at least disprove, one of the most persistent legends concerning those who have been with the business from the start: that the business is based on copying the others. This is a suggestion which, if it were true, would discourage the hiring of the most outstanding candidates, or those with the greatest potential when it came to signing the contract. Or perhaps it's more accurate to fall back on the statement endlessly repeated at Zara, which is that everybody copies everybody, since the bottom line is that inspiration must come from the same source – society itself. If this is the case, success emerges not so much from the ability to imagine creatively, but rather from managing to interpret trends present or observed in the community, and perhaps even more so, the ability to convert this into a physical item in just a few weeks, as we shall see.

Anyway, investigating sources of inspiration results in a certain amount of surprise which deserves reviewing. Although the Galician language is widely heard and the accent of the region is even more widespread, one source of inspiration which must be admitted comes from countries as far away as Japan. As far as the coolhunters (trend scouts) are concerned, it's been quite some time now since Tokyo took over from such traditional trend leaders as Paris or Milan. There are some streets and squares in the Japanese capital, we are told, where you can see the essentials for the guidelines that will immediately dictate the way the rest of the world will dress... although nobody really knows why.

Recently the internet has become an added source of inspiration. Millions of net surfers throughout the world have emerged as creators of guidelines, suggestions and trends in clothing. They are making their own combinations, adaptations and re-designs of garments on websites and groups focused on putting up and sharing images, both videos and photographs, worked out by themselves. This means that designers are now regular visitors to Fotolog, Flickr, Flodeo, Facebook, MySpace and others which are appearing with millions of downloads and blogs appearing from everywhere on earth as part of the phenomenon which is known as net 2.0.

Thoughts and theoretical analysis apart, the heart of the question lies in the fact that Inditex allows its designers to do something which the majority of its most direct competitors don't, which is to design. This means that anybody who joins the corresponding design department there is one designer per chain, has the opportunity to design practically from day one and, of equal or greater importance, most of the time they stay with the company. Other, more stratified organisations offer the newcomer a career trajectory which consists of a vertical climb so that after only a significant number of years will he or she have a chance to develop their creative capacity directly. In other words, throughout most of the sector, newly hired designers don't design. They merely help and support, and hope that over the passage of time they will be able to receive the baton from the divinities who create and sign the collection. The immediate freedom to design, more than any other factor, is the admitted lure which drives the professional range at Inditex. The great barns where marketing and design intermingle are without doubt the heart of the process and in truth it's far from certain that the two functions can be differentiated from each other, and to a certain extent they both condition and dominate everything else. This is not only but also because this is the place where you can still find the president-founder, though rather less than in the past. Amancio Ortega still doesn't actually have his own office at Inditex and only appears to have a chair reserved for him at the group of tables concentrated on work for the Zara-for-women line. Nothing distinguishes it from the others, but everyone in the house appears to know where Ortega sits, or used to sit, when he'd finished wandering around each and every one of the company complex departments. Just recently the idea has leaked out that at last he has been assigned an office, though this is not actually at Inditex but in the corporate building, set aside for the staff who work in the foundation, which bears his name and the office that administers the fortune which has turned him into the richest citizen of Spain as well as one of the wealthiest

in the world. But nobody has been able to be sure that he really does use that little office.

Agreement as to the assessment of the process is not unanimous, however, at least in one sense. Some hold that equal or greater merit is earned by the logistics centre, based in a collection of lots in the Sabón trading estate, and its branches which have opened in recent years. But before the visitor reaches the distribution warehouses, he moves through the glass-walled offices where the management's offices, meeting rooms, a kind of auditorium (for general meetings, among other things) and a few rooms which serve as dining-rooms for managers and significant visitors are to be found.

With the exception of these rooms, seldom used since the tradition is to lunch, following Ortega's example, in the staff cafeteria with a fixed menu and self-service (the only people who get table service are top management), the décor in the rest of the building is not particularly welcoming: more cold and impersonal. This is completely unlike the care and warmth with which the shops are designed; even the display windows reveal a combination which is warmer, less austere and sober than the environment in which the executives are accustomed to working.

Shared cubicles, albeit roomy, transparent glass divisions, except for the top management level, open doors, everything visible from the circular corridor in the centre, are the dominant notes of the five floors of the Cube, where the house legend is that less is contributed than by the other sections, as is often heard in many places from the production units to those seen as staff. The corporate building is quite recent; more so than the function is. We have already mentioned the fact that it wasn't many years ago, around the year 2000 in fact, that the Inditex management team occupied some gloomy annexes attached to the industrial building which was the origin of the group: GOA, the inverted acronym of the owner and founder's name, Amancio Ortega Gaona (AOG), but also that of his elder brother, Antonio, who was with him from the start until his premature death in 1987. At that time there were few visitors who were not suppliers or heads of other firms in the group located away from Arteixo. There were no analysts, investors, researchers and, much less, journalists: until 1998 Inditex didn't even possess a communications, institutional relations or similar department. The only outsiders who passed through the smoked-glass doors of GOA were customers selected by the network of shops to test pilot establishments, which were and are to be found life-size, including the display window, in the basements of the central building.

Perhaps another of the much sought-after secrets is being let slip: the culture of permanent testing. Everything has to be tried out, including the shops, inside and out. At the head office of all of the chains there is a complete shop, decorated, stocked, lit, open, with the display window and everything inside it, where everything is tried out, tested and compared down to the smallest detail... before it is set up in the real network, in each city and country. Recently, for example, countless tests have been run to solve one of the problems facing the group: the mounting number of tills, making it difficult to pay for a purchase and which may to a large extent be leading to the discouragement of the customer base, losing sales and revenue. The philosophy of the test, a kind of management based on balancing trial and error, would seem to inform a large part of the corporate culture at Inditex. They say, and to some extent you can see it, that everything is governed by questioning everything which is done, how and why is it done in this way and not another, as a part of every procedure, practice or decision. You start to be persuaded that people are more obsessed here with what doesn't work than with what clearly works well. And not a few attribute this to the almost obsessive perfectionism which characterises the founder. Another of the secrets – legend, or truth?

The so-called logistics warehouse, whether or not a part of the real heart of the business, is without a doubt the most spectacular. It covers half a million square metres, interconnected with the production plants which surround it by means of a network of underground tunnels through which more than 250 kilometres of moving belt are flowing, emitting a characteristic metallic sound that is all the more noticeable when the area is empty on non-distribution days. On some days when you visit you can contemplate the passage of thousands of garments, on hangers and covered with plastic bags, just about to be loaded onto the trucks, while visiting on other days offers a desolate panorama of emptiness, as though the company has suddenly ceased all activities or was little more than a demonstration mock-up.

Similar sensations are provided by the other logistical centres of the group, including the recently opened one in Meco, a few kilometres from Madrid, or located in a trading estate on the outskirts of Zaragoza, increasingly used as an alternative platform to Arteixo for foreign consignments, particularly to the rest of Europe, but including the Middle East and Asia.

Although they are labour intensive, the logistics centres give an impression of being automated and needing little human action to operate. Even on days of activity, there is almost no one present on the races of the great belts along which all the hanging garments move, automatically directed

by a type of marker whereby the clothes make their way to the designated terminal allocated to the destination shop of the goods in the corresponding consignment, at least twice a week. More people, though again, fewer than you might think, are involved in handling the great machines, over a hundred metres in length, which do the same job in the folded clothing section, stacking on the hopper wagon of the corresponding case/store the garments ordered in each twice-weekly order.

Outside, on the docks, huge trucks are waiting, ready to set off on their destination routes: some will go almost to the very shops themselves, in the case of hanging clothing consignments; others are headed for the airport and other distribution points if the clothing is folded and packaged. By following the routes of the hanging garments backwards, along the return direction of the moving belts, you reach the production plants, directly connected to the logistics centre. The truth is that the plants don't really produce anything in the strict meaning of the word. They are better described as assembly chains, with the peculiarity that the manufacturing cycle starts and ends there, with a completely outsourced intermediate section. This is what is known at Inditex as self-start production, with the fabric being cut by high-precision robot cutters, fed by the computerised patterns arriving from the creations in the design area. This produces an amalgam of pieces which, identified as to position, garment and size, accompanied by buttons, zips and other accessories where required, are put into plastic bags to be delivered to the workshops where the hand- or machine-sewing of the garments takes place.

Only one or two weeks later –the time periods are crucial – the finished garment returns to the plant where robots handle the ironing, labelling, packaging and allocation of the garment to the corresponding shop. However, this is all supervised by operatives responsible for quality control and occasional work on the ironing machines, manually correcting or adjusting some fault they have observed in the mechanised procedure.

Zara has not yet been the inspiration for a film, but the possibility of its happening relatively soon should not be ignored. This would be in emulation of one of its competitors, at least from a relative if not direct standpoint. It was the year 2006 when David Frankel chose *The Devil Wears Prada* to give a name to the film history of a journalist who is trying to make his way in the world of fashion publishing. It wasn't exactly a masterpiece, but it did have the effect that the prestigious Italian brand enjoyed being displayed on posters throughout a large part of the world for quite a few weeks. Probably, if the main Inditex brand were to follow in the film's

footsteps, it would be necessary to alter the focus slightly, because you couldn't reproduce the 'wears Zara' phrase – it would have to be something like 'dressed in Zara' to reflect more closely the actual relationship with the consumer. It might look like nothing more than semantic hair-splitting, but it's actually more than that. It encapsulates a philosophical concept which is different from the norm. It implies, as we shall see in due course, replacing the traditional focus of offering to a market a range of established trends – fashion – by making available to the market its own preferences, which are either implicit, or revealed by the consumer. In other words, Zara is not a style of dressing as much as a style of buying, and hence, of selling.

It becomes clear that Zara-Inditex has reinvented a form of producing and distributing a product as old as humanity, clothing, by implementing a model, an idea, which reduces deadlines, has eliminated middlemen and restores service – quality, attention, price – to the consumer. It isn't just one more business, specialising in making garments and distributing them by alternative channels, but an innovative concept which incorporates production and distribution, provides fashion services based on criteria other than the traditional ones and nurtures a business culture which both imposes and is the cause of unique procedures.

A visit to Arteixo or to any of the chain head offices is not enough to satisfy the intention to form a clear idea of exactly what Inditex is. The stores form an inescapable part of the process and, even so, it is probable that the unknowns are still in greater numbers than the certainties, and the researcher keeps on wondering, rather hopelessly, how it is possible that what began so humbly and modestly in 1963 has transformed itself into what you see. You have to try, anyway, striving to follow the chronological path, the facts the circumstances and the vicissitudes which may in the end form part of the history of the Inditex group. It will inevitably be incomplete: not only because relevant and important data are missing, but also because there is much which suggests that the story may be only just beginning. Or, and this amounts to the same thing, there remain many spaces to occupy in order to remain in a competitive position in the complex world of fashion, thanks to a model as peculiar as it is seldom replicated, which in the hands of the Zara management happens to work ... and yet, in the few instances where efforts have been made to emulate it, the outcome has been far from successful.

This may possibly be one of the most mysterious of the unknowns in the Zara-Inditex story. Why were there no successful attempts to replicate its business model?

We should accept that it would be by no means unusual for other businesses, excluding those already established in the sector or projects for new plant, to decide to partially or totally trace the basics of a remarkable success, with a significant innovation input. It has happened and continues to happen in many sectors and activities, in which the renewed focuses of business, driven and adopted by a definite precursor, have spread at enormous speed.

Plenty of examples are on hand, but among the best-known would be the automobile industry, which in the past century and a half has undergone innovations as important as those successively undertaken by Daimler, Ford or Toyota that substantially changed the methods of production and marketing throughout the entire sector. Each of them in its day has made an innovative leap, achieving an appreciable competitive advantage, but its pre-eminence was temporary because the rest of the competitors succeeded in reproducing it at great speed.

It appears not to be the case that the fashion world has adopted the new approach adopted by Zara-Inditex. In some way, its vision and the subsequent practice appear to be unusually exclusive, as though its *technology* were protected by an unbreakable patent, despite the evidence that no such thing exists.

A plausible hypothesis is that the competitors lost too much time before taking the emergence of the Galician group seriously, and when they finally realised what was being achieved, it was too late to copy. The problem is that the argument, while obviously true, is entirely unconvincing, particularly now that its actual size, the critical mass it has gained, means that it would be very difficult to emulate it with any certainty of consolidation. Perhaps the neatest explanation is that, in spite of everything, the market share held by the group's eight chains and over three thousand shops does not hold a share of even 5 per cent in any of the markets in which Inditex is present, including the Spanish market. In other words, the businesses which are anchored to other models are also doing well, and as everybody knows, it's only when difficulties arise that the stimulus to innovate becomes pressing.

Anyway, reality is reality. And it's of little or no help to ask the top bosses at Zara and the rest of the companies in the group what they think are the reasons why their model continues to feature such peculiar uniqueness. Indeed, they will say that indeed there were significant copies, such as that of adopting the multiconcept, but then add that the rest is actually quite difficult to replicate. Perhaps, if we wish to understand all this, nothing is more appropriate than an effort to define the genesis: how, where, when

and why it started. Arteixo is, as we all know, in Galicia, but Galicia is Galicia, and it is inevitable that it should permeate through all the pores and cracks in Inditex. However, this is no kind of an answer to a crucial question: would it have been possible in another location? Put another way, was Galicia a determining factor in its success?

The fact is that in its corporate central nucleus no unanimity is to be found. Some people think that the socioeconomic-geographical ingredient is irrelevant and even suggest, rather weakly, that they could have done even better or at least proceeded more swiftly in some other location. Some feel that a location in a north-western peninsula with very poor connections until quite recently has added enormous difficulties and limited the growth and expansion process. And then again, others claim that the frequent speculations about the basis of the group, like the suggestion that they did well from connections with the drug trade, have often led to internal collapses of morale within the company, upsetting daily duties. Some hold that such allegations are the result of envy and arise from the position which sees the Galician as the opposite of the figure of skilled, hard-working entrepreneur.

But there are others who think that Galicia was vital.

At the risk of invoking stereotypes, the proverbial Galician is a man who goes to sea, works away from home or emigrates, while the women take care of the agriculture and stock-raising in tiny, poverty-stricken farms. It was only in the 1960s that the fields and stock became less important; many of the men had come back to take charge of these tasks, or were unemployed, and thousands of women needed, wanted and were ready to work. Moreover, reality roundly contradicts the myth: the Galician people are predisposed to fulfil the commitments they make, and are hard-working in that goal, displaying great pride in doing so. These are all aspects of the corporate DNA of what in time would become Inditex.

Galicia, like other parts of Spain, made a rather feeble attempt at industrialisation at the end of the nineteenth century. At that time the economic base was much more associated with primary and mining industries than large-scale industrial textiles. One of the most important activities at that time was fishing, with a significant canning sector run by Catalan businessmen who arrived at the end of the eighteenth century. The rise in canned production steadily increased the need for raw materials and the consequent provision of new fishing grounds, generally further away from the Galician coast, which meant building ships with a greater tonnage and the development of shipbuilding companies. The canning sector grew still

more through the twentieth century with the general introduction of salting processes.

The outcome of all this was that the situation in Galicia at the beginning of the last century was marked by a significant imbalance between the agricultural and stock-rearing interior, mostly on very small farms, and a coastal area which contained relatively energetic businesses operating in canning and shipbuilding, as well as public services and electricity. This was a production framework which, years later, would require very thorough restructuring. In fact, shipbuilding and electricity would, as the twentieth century opened, be almost equal in size, with almost 60 per cent of the total employment involved in, or perhaps affected by, the tiny farms of the rest of the region. A productive map which, already by the 1960s, would be complemented with a presence in other sectors, such as chemicals, oil and motor cars, not forgetting a concentration of activities in the freezing sector derived from fishing.

Even so, there were no significant predecessors for the later appearance of Galician entrepreneurs in textiles, dressmaking or fashion, the main exponent (though not the only one) of which would be Zara-Inditex. A faint connection can be identified, however, in the last third of the seventeenth century in the development of significant trade with America, which included textile products in abundance, though they were produced in other parts of Spain. And textile businesses are registered in the 1930 census: *Primera Coruñesa* (1872), *Hilados y Tejidos Vilasante* (1907) or *Galicia Industrial* (1928).<sup>3</sup> But little more than these.

Whether this has anything to do with it or not, one circumstance which is very persistent today should be noted: Galicia is lacking in the raw materials for clothing manufacture. In other words, fabric, yarns and fibres must all come from outside. This is a fact which has led to questions being raised about the integrated nature which characterises, among others, Inditex's application to its production, or that some have taken as a basis for arguing that Galician industry maintains a balance which is presumably in deficit in commercial terms with the rest of Spain and ultimately with abroad. Whatever the truth is, the fact is that Galicia has for nearly four decades acted as a considerable nursery for a good proportion of the Spanish groups that occupy an important position in the world of fashion on the international scale. Brands such as Adolfo Domínguez, Roberto Verino, Unicem, Caramelo, Florentino, Vicente Romeo or Antonio Pernas share, albeit on a different scale, leading roles in the Spanish fashion world along with Zara-Inditex.

None of them, however, was the first to achieve some degree of projection from Galicia. The advance party was the now vanished Regojo group, a manufacturer who made a fortune making uniforms for Franco's troops in the early part of the rising in 1936 and became important with just one product, the Dalí shirts using the image of the Ampurdanese painter, which achieved a sales record in 1965 with over two million units. His success, however, was ephemeral and he ended up by closing in 1981, a probable victim of the drop in customs duties decided by the first Adolfo Suárez governments. There is no doubt that the arrival of democracy and the subsequent end of the previous regime forced the Spanish economy to embark on a drastic and speedy renovation process, particularly characterised by the opening up to the outside world and the consequent incorporation of globalisation. This is a process which has inevitably had victims, but also victors with an overall positive balance which cannot be denied.

One of the most outstanding victims was certainly the traditional textile industry, the growth of which slipped by an annual rate of 1 per cent between 1970 and 1990, subjected to a difficult process of restructuring which, despite the large sums of money spent on it (over 50,000 million pesetas up to 1987),<sup>4</sup> resulted in the liquidation of a number of companies, particularly in Catalonia. And it is yet another example of the small amount, or even nothing, which is usually contributed by the public purse for what should be the main axis of a restructuring process: something like reinventing the sector. Which leads to a persistent doubt: if a sector is to be operating in the future and there is not sufficient private investment to boost it, why should public money be used? Making holes in the public purse merely avoids the essential question. Whether it was because of this, or other causes, the reality is that in the middle of the 1980s nobody expected anything from the sector. The fact is that it was not one of the areas which looked like growing in the future within the nervous environment of Spain's joining the European Economic Community (EEC).<sup>5</sup> And this was in spite of the fact that, even by that time, Zara was acquiring some relevance on the market, and about to change into what is now Inditex.

What matters from the point of view of this trajectory is that Zara not only appears at a time which is critical for the industrial sector to which it belongs, but is also advancing, consolidating itself and rising higher at a world level in the context of an open market, unprotected by customs barriers and steadily assuming a position in the European Community. In addition, though born under total Francoism, the group is an obvious product of modernisation and updating which has accompanied

what now constitutes the most expansive democratic experience of Spanish society.

As is almost always the case, the environment plays a crucial part in the development of a company, and it could not be otherwise for Inditex. What had until then been a relatively modest group, led by the team which had built up around Amancio Ortega, took very positive advantage of Spain's entry into the EEC. It didn't happen at the first moment, 1 January 1986, but from 1989, a time when it can be said that the Spanish economy consolidated its position within the Community market.

It should be borne in mind that in the business community all was not sweetness and light either before or after the entry of Spain into the European club. Entry was more of a political and, to some degree, sociological aspiration, which had gestated for long decades under Francoist gloom, than a desire on the part of the entrepreneurs, many of whom made no bones about their doubts and were more scared than excited about what could bring them a new opening to the outside world. And among the least excited sectors was textiles, some of the more vociferous of whose representatives saw the Community option more as a threat than a key to opportunity. At that time it was Catalan textiles which were seen as a more iconic producer, even though development here was sadly backward, due among other things to the fact that the families who were traditionally involved in the sector tended to invest small or large surpluses in activities which showed a much larger, faster profit, particularly the promising tourist developments of the Costa Brava and the Canary and Balearic Islands.

Very few people realised that Galicia had given rise to a potent alternative vision, despite the fact that Zara already had a presence in four Spanish capitals, and was fighting for a share of the market with what were already the leaders in the clothing business, basically El Corte Inglés and Cortefiel.

Now, almost thirty years later, it is possible, some would say certain, that the actual protagonists of the story have reworked the sensation and fears which surrounded Spain's entry into the EEC; and some of them are Inditex people. Whether or not the tale has been adjusted retrospectively, more important is what was meant by the second leap forward made by the group, to all appearances the essential basis for the third leap – flotation on the stock market and powerful expansion – which would take place somewhat more than a decade later. Talking about casualties is a recurrent temptation when the trajectory followed by Inditex is described. It turns out as the consequence of what looks like a heterodox management system: the fact that its strategic methods have been described and included in academic

management theory, never applied before, but afterwards: that is, when it had already been shown that their validity was beyond dispute. But there was some pride to be observed in the case of some of the individuals who saw themselves as luminaries of management science, not keen on admitting that success may come from somewhere other than their learned prescription; even more, when it turned out that the methods had been applied by a team of whom few or none had passed through the prestigious business schools which these experts provided with learning and wisdom. In any case, self-taught intuition sits badly with their, doubtless interested, concept of entrepreneurial reality.

In any case, Inditex, is not particularly original in this way. There is a long list of parallels. The history of successful businesses reveals many similar cases, almost enough to suggest that if management theory goes beyond arranging as a recipe what is being practised almost in the absence of prior theoretical training, it has brilliantly demonstrated that it serves to transform an incipient idea into a powerful business reality. In other words, do we need to ask whether business models grow in the academy, or is it the case that the flow is in the other direction?

Whether or not this has anything to do with it, it is equally undeniable that business success phenomena in our society tend to be observed with suspicion. The proof of this, and the case is not unique, have been the many stories which have done the rounds for years to attempt to explain the success of Inditex. Dubious legends about the source of the company's capital bubbled up, about the workshops where the garments were made, and so on. The matter peaked when the rumour mongers were certain that Zara was making his garments in the hold of a merchant ship jammed with clandestine workers, more or less slaves, anchored just far enough from the coast to be in international waters under no national jurisdiction. The legend made its way to the ears of the then president of the Catalan Generalitat (Government), Jordi Pujol, which was presented directly to the astonished Amancio Ortega and José María Castellano (Inditex vice-president and CEO) in an audience granted to them in Barcelona. No less fabled was the story that Inditex was laundering money from the Galician drug trafficking clans.

More believable, in fact actually true, was the suggestion that Inditex was doing its manufacturing through a network of quasi-domestic workshops, which were hardly, or indeed not at all, approachable by taxation and Social Security authorities, at a time when the underground economy permeated huge areas of the Spanish textile industry. A large number of

these workshops had been set up with the support of the Church, supplied by housewives who wanted to add to the family income which was falling because of unemployment and the crisis in the flagship industries that were practically the sole employers in large parts of north-western Spain. Most of the workers were doing piecework in their own homes, and were unconcerned about the fact that they were not registered with Social Security, given that they were probably covered by the family subscription. Their only link with the company was that they were making garments for which the patterns, cuts and numerators were supplied by Inditex. In a word, they sewed what they were asked to sew.

It's true that around this production system there has always been some black legend suggesting exploitation. There is no lack of people who claim that Inditex took advantage of the scarcity of alternative work for these women to subject them to exploitative production systems. Whether or not this were the case, whether it was regular practice or an exception, the fact is that other companies were now emerging in the sector, copying the Zara system in various ways, and yet the Arteixo outfit continued to maintain its huge network of seamstresses, expanding it as group sales grew. Even today, when the socioeconomic profile of Galicia has substantially changed for the better, Inditex continues to use the same procedure, retaining a large proportion of its production in Galicia, providing regular work for thousands of women in the region under absolutely legal conditions. No less important is the fact that throughout its entire history, the group has never been seriously accused of bad work practices.

In any case, whether sought for or not, the *legend effect* continues to spread its shadow over Inditex. It may be that such a phenomenon is really focused on the major shareholder and founder, Amancio Ortega Gaona. Many things have been written and said about him, but the truth is that the majority of those who try to describe his personality hardly know him and even if they do know him, they are forced to admit that he is far from transparent and very hard to categorise. We know that he has built a business, but we also know that, for whatever reason, he has made it his business to defend his privacy, to require discretion. Whether he wanted it this way or not, the *Ortega mystery* is inseparably associated with the Inditex reality. In fact, by way of irrefutable proof, there is the story that someone who thought he knew him and thought that he controlled him to a certain extent ended by breaking from him in a situation of conflict. The most dramatic case, a recent one, was the episode of the power struggle which ended in the subsequent departure from the group of the then general

manager, Juan Carlos Rodríguez Cebrián, a nephew by marriage of Ortega himself, and some months later that of José María Castellano. The crisis was solved by Amancio Ortega when he placed Pablo Isla, a state lawyer, in this position, an executive of some note who was joint president of the tobacco company Altadis. Nor has the mystery dispersed surrounding this hiring and the reason for which Amancio Ortega decided to entrust him with the crucial stage in the growth process in which the group was immersed. Isla did not come with great experience as a manager and had still less experience in the sector. Neither had he prior connections with Galicia, though he had to accept a permanent move to A Coruña, a non-negotiable condition imposed by his new boss. It was just this requirement which frustrated Ortega's profound wish to hire another individual for the management position.

The Inditex strategy seems so obvious that it sounds almost unbelievable that no one had decided to copy it. Not in vain, the business let two decades pass after starting up until it had gained sufficient significant market share to be able to defend itself against any possible imitator. It is true that subsequently some businesses have appeared which have emulated its procedures, but most of them only partly and perhaps too late to be able to disturb or erode its position. Logistics is often mentioned among the management keys to Zara and it is certainly one of the most relevant. What many people miss, however, is the psychology, although this has probably been crucial and the basis of everything else. In any case, it is the source of the great mystery: how, from distant Galicia, did Amancio Ortega and his team know how to interpret the inconsistency of clothing customs in Spain which was just beginning to emerge from Francoist penury and dictatorship? And, even more telling: why didn't the companies already operating in the sector see it? The founder could certainly explain it. Not to do so has always been his unshakeable decision. Is there some reason for that?

Another of the myths is not to advertise, although this is not entirely true. What they don't do is publish actual adverts, because the shops are bursting with advertising concepts. Whether this is planned or not, the reality is that the message makes direct use of the people passing in front of the shop, with all the breadth and diversity which a display window can provide, in the first place, followed by the whole of the shop in the second. And it's a fact that, deliberate or not, Zara's shops and the rest of the chains in the group are basically organised for looking at and contemplating the merchandise. Everything is in view and you can study it without being hassled by staff desperate to make a sale. This gives rise to the not unusual habit of strolling

through the shop, finding out what's there. And there's the added oddity that when you repeat the visit a few days later on, it's more than likely that the majority of the things have disappeared and new items are in their place. The efficiency of the system is revealed in the figures for sales per visit recorded by the shops in the group, which are much higher than the average for the sector.

Rationalising this strategy seems easy in hindsight. Whether the effect has been sought or not, the reality is that it tends to give rise to a considerable amount of unease in the purchaser: better buy it now, because tomorrow it may not be here... and then when you don't find what you wanted you come back in a few days, sure that there will be new items to choose from. It's an innovative philosophy, and the consumers are not used to it. In one way you could say it indicates a kind of drift in the direction of selling as opposed to the more usual where the item allows itself to be bought. To some extent visiting Zara has become something of a social habit, whether by yourself or in company, just so you can be sure of what's new. And you can do it when you like, because from the beginning Zara went for the continuous hours model, without interruption, which at that time was only to be found in the big department stores.

An equal amount of talk has been expended on the theory that Zara is based on copying. Certainly it copies – but from whom? A better way of putting it, one frankly more accurate, would be to say that Zara is engaged in a permanent quest for inspiration, everywhere and from everybody. On those huge, rather chaotic tables in the areas where the creative staff are to be found in the Arteixo central office, there are as many dismantled garments and dismembered catalogues as there are photos of people strolling along a Tokyo street, a Madrid square or some international airport terminal. The reality is that, whether the professionals in the sector admit it or not, they are forced to accept that everybody gets inspiration from everybody else, which completely defuses the accusation that Zara copies. Indeed, at Zara they would go even further: they admit and are even proud of the fact that many of their creations are inspired by their own customers. You could almost say they should get discounts on intellectual property grounds. This is basically achieved by means of interactive communication systems which Zara has been perfecting and streamlining over time. This means that customer trends and preferences, along with their reactions to the products in the stores, are observed and communicated throughout the organisation, almost in real time. This makes sense of the other mandatory feature of the Inditex management model, the replacement of stock at least twice a week

in each and every one of the shops within the group's distribution network. It might sound like a logistical miracle, but it runs like clockwork.

As far as production is concerned, Inditex is now in a position to be able to dictate to its suppliers to a certain extent but, of course, this has not always been the case. Whether it's part of the legend or not, the story is told that the Ortega brothers lived through some complicated times when they were trying to find suppliers. When at last they found them, almost inevitably in Catalonia, the tale goes on to say that Amancio and Antonio covered the 1000 kilometres between A Coruña and Barcelona, making successive return trips in their own car loaded with raw materials bought from a manufacturer who had come to trust them and made a firm commitment to keep on supplying. What guarantees they offered and whether they had to pay for the first consignments in hard cash is yet another part of the vague mystery which veils those early days, and its importance now concerns only satisfying curiosity. Later we shall see how it came about. It's hard to be certain how far the Galicians, starting with the A Coruña people themselves, were at the time actually aware of the exciting gestation of Zara, the seed of the Inditex of today. The most usual attitude takes the line that, yes, they knew about it, but frankly there are few records in writing or newspaper library references to show that Galician society, even at entrepreneurial level, has much idea about what was growing in Arteixo, just a few kilometres from the capital.

It is well known that Amancio Ortega is still the major shareholder, in Inditex to be precise. The holdings of the members of the board of directors are also known, but no one seems to have much idea who makes up the rest of the holding on the Stock Exchange. The shares in the group are not named shares and the company does not have an updated shareholder register, apart from what is collected for each general meeting. Are there many Galicians on it? Are they mostly foreign? What percentage is held by the best-known investment funds? The situation is rather similar to that which happens in all big companies quoted on variable yield markets. The position of the Inditex president as far as his holding in the company is concerned casts serious doubts on his succession. Born in 1936, he has three children from his two marriages, though only the youngest, Marta, has recently appeared as a possible recipient of the majority control of the Inditex group, despite the fact that until autumn 2007 she had not begun to work in one of the companies. About ten years ago Amancio Ortega decided to create a foundation in his name, which many people interpreted as a vehicle chosen so as to keep control united. There was also mention of

the theory that the idea was directly inspired by what Ramón Areces had done, leaving control of the ownership of El Corte Inglés in the hands of a foundation in his name. But whatever the initial intentions were, what is certain is that the Amancio Ortega Foundation has never owned a single share in Inditex and continues to be an unknown, since an arrangement has been made to transfer to Amancio Ortega's heirs a holding valued at something more than 18,000 million euros at end-2007 prices.

More important than the way ownership ends up shared out is the doubts as to how long Inditex will be able to survive its founder. Although he doesn't express it in public very often, the fact is that he is constantly telling his executives that Zara is not an individual work but a collective work, and every effort should be made to avoid any hint of personalisation. However much effort is made in this direction, nevertheless it has not prevented Zara from being closely identified with Amancio Ortega. In fact these very efforts could be supporting this perception. His considered presence among the designers and pattern designers, but only in the Zara for women area, the final word at the moment when the display windows have to be planned, the insistence on not having an office in the executive team area, the habit of dining in the staff cafeteria – all this casts serious doubt upon the idea that Inditex can carry on in the same way without the presence, real or intuited, of its founder. This in no way contradicts the evidence that the group itself is highly capable of acting without the founder's input. For a long time now Zara-Inditex has been a great deal more than Amancio Ortega, though that doesn't mean that it could carry on in the same way without him. The probability is that it will turn into something else, perhaps neither better nor worse, and maybe even retaining the essence of the business concept, what you might call its DNA. But what is a fact, and not a fanciful legend, is that the founder continues to retain the final word in many areas, and that when that moment comes for someone to question or discuss his decision, this has happened very rarely – or never.

The garage, the hero of more than one business success story on the other side of the Atlantic, seldom shows up as a dominant scenario in the genesis of a Spanish project. Maybe it has happened, but it doesn't get mentioned in the few stories that exist about the careers of entrepreneurs in this country. But it happens to be where a family decided to start making a few garments, taking the first step on the road to what is now the Inditex group. Not that the Ortegas had any idea of where they wanted to be in the next three decades or anything like it, but they were stirred by the thought, and indeed aspiration, to leave behind the status of employee and become

independent, even bosses. The family group at the time consisted of only three siblings and their respective partners: Amancio and Antonio, plus Rosalía Mera and Primitiva Renedo, and then Josefina – *Pepita* – and her husband, Miguel Jové. Their acquaintance with each other was strictly a work-based relationship – they had met in the fabric and dressmaking shop where they worked, *La Maja*, one of the most traditional businesses in A Coruña, which was actually a chain of three shops in the very centre of what was then the capital of Galicia, in the north-western corner of Spain. A fair question to ask is whether that really was the genuine seed of what has today grown into Inditex but the answer is far from simple. It may well be in the negative if you want to adopt the approach that a clear idea already existed of where they wanted to go. It also discards the criterion that even then the basis of what was to come already existed; and it's important to try to consider the question in terms of individualisation. The answer might be in the affirmative, however, if analysed from the causal angle, since without that step being taken nothing of what happened later would have been possible. If the Ortegas had opted for what would probably have been a comfortable future working for someone else, Zara-Inditex would never have come into being, at least under their influence.

It might be worth trying to perceive the reality of the situation in Galicia at the start of the second half of the twentieth century, when the project began to germinate.

We have enough information to be able to look back at the scenario in A Coruña in the opening years of the 1960s. Spain was beginning to wake up from the long, sad post-war dictatorship that had been partly a result of international isolation, and sat comfortably with the political philosophy of the first Francoist period, backward-looking and mired in dreams of the heights which had been achieved in the legendary times of the empire, when the sun never set on the dominions under the Spanish crown. It was about then that Spain began to feel the effects of the tough, vigorous and very necessary Stabilisation Plan (1959),<sup>6</sup> which had been injected into Francoist philosophy thanks to a rather strange blend of Catalan economists and the ever-increasing influence of Opus Dei theorists. Juan Sardá, Alberto Ullastres, Mariano Navarro Rubio, Laureano López Rodó... these were the names that were beginning to matter and carry weight in the restricted circles of autocratic power at El Pardo, while the results of their management measures were starting to affect a socioeconomic situation which had only recently set aside the precarious world of the ration book and the black market. In the Spain of the early 1960s schoolchildren were being

fed powdered milk supplied by the USA, people were pouring from the country to the cities, many to France, Switzerland or Germany, if not to the other side of the Atlantic, and people *covered themselves up* with clothes rather than dressed in them, never paying the slightest attention to a world of fashion which they had no feelings about, and of which they had no idea.

The fact is that not only was Galicia no exception, but also to a very large extent the uncomfortable features of the average reality of the rest of the country were even more exaggerated there, a situation which was in no way helped by the fact that the powerful dictator Franco, then completely unquestioned, was a native of the region. An undeniable fact of recent history is that Franco did not emulate other dictators in being more generous with his home country than other parts of the nation. His various biographers all agree, and his critics never stop reminding us, that the General appeared proud to be a Galician and to act like one, but his affection for the province never went further than spending his summer holidays at the Pazo de Meirás, a subject of controversy: this was a nineteenth-century palace country house in extensive grounds which had been the property of the writer Emilia Pardo Bazán in Sada (A Coruña), which a group of Galician businessmen gave him, perhaps spontaneously, at the end of the Civil War. The controversy arises because the majority of the political powers of the area are calling for it to be returned to the state as public property, a demand the Franco family seems very unwilling to satisfy. They have continued to use it as their holiday home since the death of the General.

In short, Galicia was a marginalised territory which, as the years passed, continued to lose potential resources because of internal and external migration. It contained an embryonic commercial world, with a kind of industrial monoculture centred on the great shipbuilding businesses of Ferrol (Coruña), at that time still bearing the '*del Caudillo*' title, meaning belonging to the Dictator, and Vigo (Pontevedra), aluminium in San Ciprián (Lugo), both publicly owned or moving that way, and some factories which processed fish and agricultural produce. The tiny landholdings of the region had by no means disappeared and continued to be the predominant form of farming, for both crop and stock, which meant that the population was spread out in minute villages, hamlets and other population clusters.

It is in this context that we must ask the following questions of what would in time, and not such a long time either, end up turning into Zara, what the market would see as Inditex, at this current time: was it the realisation of a brilliant idea? Is this what the founders intended? Has it grown up

because of the path it has followed? Was its own founder surprised by its success? Would it have been possible in another context? Or in another period in history? Or another time?

The pages which follow may not be able to answer and dispel the mystery of each and every one of these questions completely, but they are an effort to plot what has happened since that start, to identify how and why the present has turned out the way it has, and maybe also to suggest what may be the shape of the future.

So let's look back to 1963... or maybe even a little earlier.

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