

PART A. PROFILE OF BUSINESS

VICENTE CARRILLO, S.L.U. (Single-Member Limited Company) is a Spanish family business dedicated to the manufacture, distribution and sale of string instruments (guitars, Spanish mandolins and Spanish lutes). The company is located in the town of Casasimarro, in the region of La Mancha, province of Cuenca, in the Autonomous Community of Castilla-La Mancha (Spain).



Dating back to the Middle Ages, Spain has a long tradition of string music and string instruments, which has given rise to guitarists, musicians, singers, composers and concert musicians performing and writing classical, flamenco and modern (rock and pop) music. Some of the most famous include Francisco Tárrega, Andrés Segovia, Narciso Yepes, Agustín Castellón Campos (“Sabicás”), Ramón Montoya, Paco de Lucía, Manolo Sanlúcar, Raimundo Amador, etc.



This tradition has logically gone hand in hand with the manufacture of guitars and other string instruments. The most internationally well-known products are the Spanish classical guitar, and the Flamenco guitar, perhaps the most popular.

Guitar production workshops have traditionally been located in Andalusia, Madrid and Valencia, but were rarely to be found in other parts of the country. The origins of the firm in question date back to the 18th century, when Vicente Carrillo’s ancestors (the Alarcón, Carrillo and Leal families) began to manufacture guitars in this small town of 3,000 inhabitants. It is said that the activity was brought to the town by a master guitar-maker, who returned to his home town after living some time in Granada, where he learnt to make guitars. Since that time, Casasimarro has been known as the “village of guitars” (see the town’s shield). At one time, it boasted 500 artisans, of which several families survive.

Vicente Carrillo’s workshop in Casasimarro produces flamenco guitars, special guitars and other string instruments such as the archlute, lute, tenor mandola, mandolin and Spanish mandolin. The workshop manufactures to order and sells all over the world. Some of their most famous customers are Paco de Lucía, Josemi Carmona, José Fernández Torres (“Tomatito”), Juan José Heredia (“Niño Josele”), Alejandro Sanz, Pablo Alborán, Juan Manuel Cañizares, the Montes-Kircher duo, Scott Tennant, Mike Oldfield and Keith Richards. Prices usually range from 1.000€ to 6.000€, although some guitars have been sold for even higher prices, as is the case of special guitars and bespoke models, where each model is manufactured to the exact wishes of the end user.

Given their artisan nature, each guitar is unique and totally handmade. The materials are selected for their quality and beauty. The most important thing is the selection of the wood. The workshop uses only fine woods such as cedar wood, cypress, ebony, rosewood and spruce wood, supplied by a company in Valencia. The woods they use originate from places such as India, Madagascar, Brazil, Cameroon and Germany. The accessories are brought from Japan and Germany, while the strings are French and the other products (varnishes, adhesives and lacquers) are Spanish. Wood is a “live” product, which must be dried in the open air (the

company uses no artificial driers) for years, which requires a warehouse and a substantial investment in plant and equipment. Each guitar essentially comprises of the sound box, soundboard, back, body, neck, hill, headstock, fretboard, bridge, rosette, strings, etc. up to a total of 200 parts. The headstock is the unique, distinctive sign of each artisan, who gives it a particular form. Vicente Carrillo believes that 60% of a guitar’s sound depends on the type of wood used in the manufacturing process. The most important part is the soundboard or top, which accounts for 70% of the guitar. Inside the guitar are located the braces which distinguish the sound of one guitar from another and one artisan’s product from another. The manufacturing process involves knowledge of acoustic physics and mathematics, as well as the expert hands of a master artisan, who decides whether the wood has dried correctly, and the touch and sound of the guitar itself. The process is meticulous, painstaking and slow, such that only 12 to 15 guitars are made a month. The price per guitar ranges from 3,000€ to 6,000€.

PART B. THE FAMILY DIMENSION OF BUSINESS

Vicente Carrillo Casas represents the seventh generation of artisan guitar-makers (Figure 1), a saga which started with Alfonso Anselmo Alarcón, the first guitar-maker of whom mention is made and continued with Juan de Mata Alarcón and Felipe Manuel Carrillo, from whom this branch of the family originates. The tradition continued and it was in 1929 when the Carrillo guitars achieved their widest distribution yet, when Vicente Carrillo Casas (Vicente Carrillo López, 5th generation) took his guitars to the International Fair in Seville and became known all over the country. However, it was the father of Vicente Carrillo Casas (Vicente Carrillo Cantos, 6th generation) who broadened the market and publicised the company name at national and international level. His prestige was such that in 1970 he was awarded the national title of “Distinguished Artisan”. Only one year later, he died at the early age of 44 and his widow, Gabriela Casas Fornier, took over the workshop with its 17 employees and changed the name to “Viuda (*widow*) de Vicente Carrillo”. The fame of the company’s products continued and their prestige was recognised with the title of “Master Artisan”.

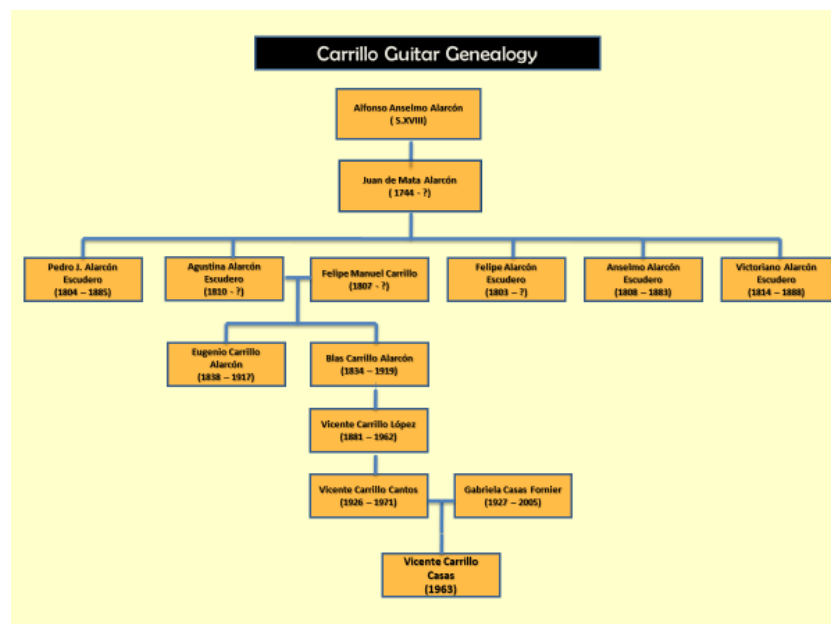


Figure 1 - Carrillo family tree

Vicente Carrillo Casas went into the family business in 1983, and took lessons from master artisan guitar-makers in Madrid. He perfected the manufacturing process, giving it the personal note that all artisans confer on their products, winning the “National Artisanship Prize” awarded by the Ministry of Industry, Tourism and Commerce, in recognition of the company’s wide-ranging professional trajectory and the excellent technical quality of their guitars. At the award ceremony, Vicente Carrillo expressly asked the authorities to declare craftwork part of the Intangible Heritage of Humanity.

Vicente Carrillo Casas has a sister, Petra Gabriela, who has no ties with the family business, three children: Lydia (27), Vicente (16) and Carmen (14), and a grandson: Javier (3). Lydia has recently started up her own business “Guitarrería de Guitarras Carrillo” in the city of Albacete, where she sells these musical instruments. She is the member of the family with the closest ties to the family business, and will possibly succeed her father at the head of the firm (Figure 2).

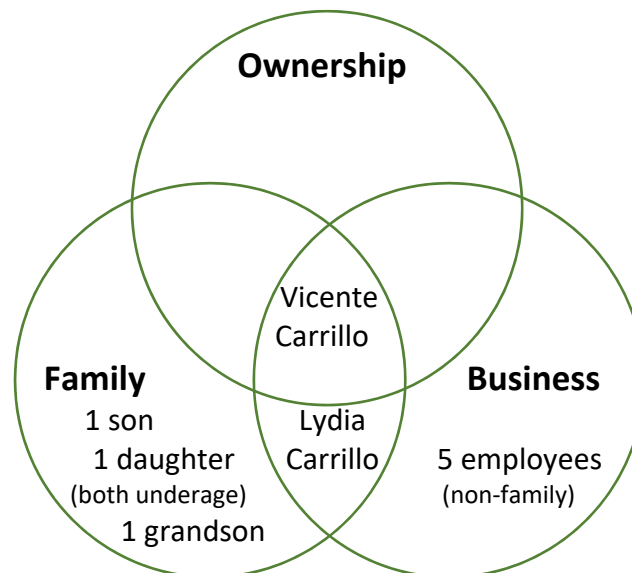


Figure 2 – Vicente Carrillo 3-circle diagram

PART C. CHALLENGES & OPPORTUNITIES OF BUSINESS GROWTH & SUCCESSION

Vicente Carrillo Casas has not only maintained the family tradition, but has opened up to the international market, publicising his products at fairs and events specialised in music and musical instruments such as the Musikmesse in Frankfurt (Germany), the Namm Show in Los Angeles (U.S.), and the Messe Music Fairs in Shanghai (China) and Dubai (U.A.E.). Thus, the company now receives orders from customers in many different countries apart from Spain, examples being Germany, France, Italy the United Kingdom, Japan, the U.S., Australia and Arab countries.

The international growth of the sector, due to the great demand from countries in Asia, has led to the emergence of new competitors, mainly factories in China, who make low-quality imitative products which they sell at low prices. Meanwhile, the offer in Spain continues steady with guitar-making workshops in the Autonomous Communities of Madrid and Valencia and in Andalusia. Fortunately, this artisan article is a differentiated product which is highly valued and appreciated in its target market. Professional guitarists prefer customised guitars, whose quality

is guaranteed by the master artisan, with whom they can maintain direct contact during the manufacturing process, adjusting the product to their needs and particular tastes. Amateur musicians are interested in instruments of guaranteed high quality at reasonable prices. Specialised international distributors continue to demand this type of instrument for an end customer aware of the reputation and quality of these artisan manufacturers. Thus, the consolidation of their strategy of differentiation (a highly differentiated product) and segmentation (for a highly specific customer) ensures that Vicente Carrillo's business will continue over the coming years in a stable subsector.

Vicente Carrillo currently has no direct successor with strong ties to the business, but his daughter Lydia (27) has now become involved through a business initiative (partial forward vertical integration) with the opening of the previously mentioned shop ("Guitarrería de Guitarras Carrillo"), which allows her to deal directly with customers demanding the well-known, high-prestige product. Lydia has not ruled out the possibility of increasing her involvement in the main business activity, manufacturing. Carrillo, the master artisan, has offered to train his successor over a period of two or three years, so she would be familiar with the process of artisan guitar manufacturing. Transmitting his knowledge and skills, he could ensure the continuity of the family business, supported by the quality of the product and the prestige of the brand name.

PART D. THE ENTREPRENEURIAL DIMENSION

Analysis of the company reveals a clearly differentiated market segmentation strategy, which is well established. The business is focused on manufacturing classical guitars (70%), flamenco guitars (20%) and other instruments (10%) for a highly defined type of customer: professional musicians and amateur guitarists demanding the highest quality guitars and other specific musical instruments. Vicente Carrillo possesses artisan skills, which he has inherited from his family. His knowledge and abilities have increased over the years, initially learning from other master artisans in the sector, and subsequently teaching himself as part of a process of constant learning. The consequence is the continued manufacturing of artisan guitars, but with innovation in the use of noble materials, unique, original techniques and designs which enhance the end product. This has led to his being recognised by different public institutions and private entities, such as: a) Collaborator in the Spanish Federation of Guitars and Plectrum Instruments, as member of the commission of experts as a *luthier*. b) Collaborator with the Spanish National Institute of Qualifications (INCUAL), to draw up Royal Decree 565/2011, regulating the teaching and training of Professional Guitar Makers. c) Named as Castellano Manchego of the year (2005), by the House of Castilla-La Mancha in Madrid. d) Title of Artisan Entrepreneur, 2008. Recognition as Artisan Company, 2009. e) Regional Artisan Prize, 2009. f) President of the Spanish Association of Master Artisan Guitar Makers (GMAGE) 2009-2013. g) National Artisan Prize, 2010 – also awarded to his father decades before. h) Gold Medal of the Cuenca Chamber of Commerce and Industry, 2011. i) Prize for Design and Innovation in Artisanry, from the newspaper *Expansión/El Mundo*, 2017.

In May 2011, one of his guitars was played at the Royal Palace of Madrid, by the guitarist Juan Manuel Cañizares, who performed the *Concierto de Aranjuez*, composed by Joaquín Rodrigo, accompanied by the Berlin Philharmonic Orchestra, conducted by Sir Simon Rattle.

Figure 3 shows the company's business model, highlighting the foundations of their strategy and their sources of competitive advantage. The business is directed at highly defined professional customers, who seek an exclusive, high-quality product, given the manufacturer's great prestige

as a master artisan. This also attracts other customers, who although not professionals, also demand this type of guitar. The model facilitates contact with customers and their acceptance of high prices. The artisan’s mastery lies in generations of know-how, the skilful use of noble materials and constant innovation.

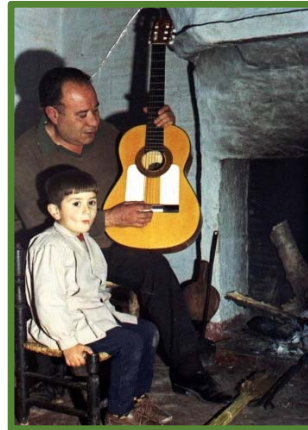
Key Partners <ul style="list-style-type: none"> • Very famous guitarists • Professional guitarists • Amateur musicians • Culture professionals • Collaborators and friends 	Key Activities <ul style="list-style-type: none"> • Great international Prestige • Original designs • Constant innovation • Use of noble materials 	Value Propositions <ul style="list-style-type: none"> • Intergenerational specialization • Custom exclusive designs • Care work with special materials • National Artisan Prize (2010) 	Customer Relationship <ul style="list-style-type: none"> • Excellent relationship with professional guitarists who bring great prestige to the brand when making custom orders • Direct relation with other customers who are looking for your product 	Customer Segments <ul style="list-style-type: none"> • Professional guitarists • Amateur guitarists • International Distributors
	Key Resources <ul style="list-style-type: none"> • Specialized employees • Exotic woods • Varnishes • Accessories 		Channels <ul style="list-style-type: none"> • Direct orders • Direct sale in workshop • Dealers • New shop • Social networks 	
Cost Structure <ul style="list-style-type: none"> • Very high-quality materials • Employee salaries • Participation in international fairs 			Revenue Streams <ul style="list-style-type: none"> • Sale of classical and flamenco guitars and other instruments 	

Figure 3: Vicente Carrillo’s Business Model

PART E. FAMILY ENTREPRENEURIALISM: LESSONS & CONCLUSIONS

Since taking over the family business, Vicente Carrillo Casas has managed not only to maintain and preserve the prestige built up over time, but also to enhance it. The keys to his success are: a) The decision of his mother, Gabriela Casas, to **continue the family business**, despite her husband’s early death, thus giving her son, Vicente Carrillo, the chance to take charge of the business. b) Vicente Carrillo’s constant drive to **learn and improve**, not only replicating the know-how of generations, accumulated in his father’s workshop, but also, when young by learning from other master artisans. Having acquired the level needed, he took over the family business and continued learning. This progress was self-taught, by observing, practising, trying out new materials and techniques, which, without doing an injustice to the artisan tradition previously developed, improved on it, thanks to the **constant innovation** applied to the company’s products. c) The careful selection of the **finest materials** used to make the guitars, from the selection of noble woods, to that of the smallest instrumental elements and the decorative parts, which make the company’s designs **unique and exclusive**. The artisan’s professional experience allows him to select the finest materials and the best suppliers. d) Production is small but painstaking, totally artisan, hand-made, with care being taken in all the details. e) The company’s strategy of **differentiation and segmentation** (a highly differentiated product for a specific customer. f) The orientation towards a well-defined customer, **professional guitarists**, who seek out the company’s products for their remarkable high quality. This helps to bolster the **prestige of the brand name**, of national and international renown. This also results in another type of specialised non-professional customer demanding their products, for their guaranteed quality and high prestige. These customers account for a large proportion

of their sales. g) The company's main market is **international**, dealing with customers directly or through highly specialised and well-chosen **international distributors**, permitting the company to reach end customers who know the quality and reputation of their products, without having to engage in marketing or communication (despite having established a **presence on social networks**: Facebook®, Twitter®, YouTube® y Vimeo®, to publicise the company's activities).



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NOTES



Heraldic shield of the municipality of Casasimarro: De Asqueladd - Own work. This vector graphic was created with Inkscape. This vector image includes elements that have been taken or adapted from it: Meuble héraldique Construction couverte appenti.svg (by Etxeko). This vector image includes elements that have been taken or adapted from it: Classical Guitar.jpg., CC BY-SA 3.0, <https://commons.wikimedia.org/w/index.php?curid=24610339>

JUAN MANUEL CAÑIZARES, Concierto de Aranjuez (Joaquín Rodrigo), Orquesta Filarmónica de Berlín, Sir Simon Rattle: <https://www.youtube.com/watch?v=nRBPiW3X2nk>

VICENTE CARRILLO: http://vicentecarrillo.com/en/el_luthier.php?m1=1#!prettyPhoto/3/

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