

Part I

THE POWER OF A FAMILY

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Chapter 1

The Scattered Pieces

A short time before he died, Gianni Agnelli had asked his younger brother Umberto, who had come to visit him every day at Gianni's mansion on a hill overlooking Turin, to do something very difficult. Umberto said he needed to think about it. Now, at the end of January 2003, Umberto had come to give Gianni an answer.

Gianni was confined to a wheelchair, spending his final days at home. He had once found solace looking out of the window onto his wife Marella's flower gardens below, especially his favorites, the yellow ones. But now it was winter. Gianni looked out at the city of Turin, which was visible across the river through the bare trees. Street after street stretched out toward the horizon in the crisp January air, lined up like an army of troops marching to meet the Alps beyond. It was a clear day, and he could see Fiat's white Lingotto headquarters, as well as the vast bulk of Fiat's Mirafiori car factory on the far side of the city. The factories had been built by their grandfather, Giovanni Agnelli.

Gianni wouldn't admit to his family that he was dying, but they all knew.

Gianni had always thought he would die a violent death.¹ He had broken his two legs a total of five times. He had fought in World War II, and had lived through the terrorism of Italy's *anni di piombo*, or years of lead. He had pushed his body and mind to the limit repeatedly. And yet now here he sat, cocooned in the soothing beauty of Villa Frescot's flowered wallpaper, worried about Fiat.

Umberto was shown into the study by Bruno, Gianni's trusted butler. He walked across the antique rug, which had a threadbare patch in front of the chair, and sat down next to Gianni.

"I want you to accept the chairmanship of Fiat after I go, as I asked you a few days ago," Gianni said.²

In normal times, being chairman of Fiat would have been more of a privilege than a duty. It was Italy's largest industrial group, a big employer, and enjoyed huge political clout. As Fiat chairman, Umberto would find journalists hanging on his every word, and heads of state would be obliged to visit him when they came through Italy. But this was not a normal time. Fiat's car business was bleeding money. It looked unfixable. And, worse yet, both the company and the country seemed to have lost their pride in the Agnelli-owned group.

Umberto, who was 68, knew there was no way he could refuse, although part of him wanted to. He had been left fatherless as an infant when their father died in an accident, and Gianni, 13 years older than Umberto, had been more a parent than a brother to him. The two men were almost mirror opposites—Gianni a restless globe-trotter, Umberto a family man—but they shared a sense of duty toward the company that made it come above anything else, certainly above any personal considerations. If Fiat was going to go down in the storm, Gianni wanted an Agnelli on deck, and Fiat's current chairman, Paolo Fresco, was not a family member. It was the responsible, dutiful thing to do.

The pair fell silent, both lost in thought.

Gianni's request to Umberto was calculated. In just over two years' time, Fiat's creditor banks could call in a three-billion-euro loan made in 2002 and take a majority stake in Fiat if the Agnellis were unable to repay. Gianni had no illusions that Fiat could repay, but he refused

to resign himself to the banks becoming the largest shareholder of the company founded by his grandfather. The family's chances of keeping the banks in line—or even keeping control of the company—were better if Umberto was chairman than if the company was run by a manager found from outside, Gianni figured.

In theory, Umberto was entitled to turn Gianni down. He certainly had more than enough reason. Gianni had promised him the chairmanship in 1987, when they had both worked at Fiat together. The idea was that Umberto would eventually step into the top spot. But in 1993, Umberto was forced out in a power struggle with Fiat managers and Mediobanca, Fiat's main bank, without Gianni lifting a finger to defend him. The memory of those days still smarted for Umberto.

Moreover, Umberto and Gianni disagreed about Fiat's car business. Gianni had passed up many chances to sell it, unable to part with his grandfather's creation. Umberto, who since leaving Fiat had managed the family's nonauto investment company, was more pragmatic and had made no secret about his view that the family needed to reduce its exposure to the money-losing car business.³ He had also told Gianni many times he thought Fiat Auto, the car unit, was badly managed. But Gianni's views were the only ones that counted. The Agnelli family had operated on the principle that “only one person can rule at a time,” adopting a favorite saying of the kings of the House of Savoy, Italy's royal family up until 1946, after the end of World War II. So the views of Umberto, who was named after the Savoy crown prince,⁴ were brushed off.

Umberto did not possess Gianni's charisma or his love of the good life, preferring to eat dinner at home with his family rather than flitting about from one residence to another by helicopter, like Gianni did. He did not possess Gianni's swept-back hair, stunning smile, high forehead, or aquiline nose. Umberto's long, thin face would pass unnoticed in a crowd, and his smile was sweet rather than stunning. But both possessed a gritty sense of discipline. The aura of wealth and privilege that surrounded Gianni and the rest of the Agnellis belied the street-fighting spirit of the dynasty's founder, Giovanni Agnelli, a former military officer who won himself a place of honor as one of international capitalism's original robber barons.

Umberto could have told his dying brother that Fiat Auto was too small and too badly managed to survive. In the absence of the right conditions, which were lacking, he favored selling it to Fiat's U.S. partner, General Motors, which Fiat was entitled to do under the terms of a 2000 contract. In a few months, Fiat would announce its biggest-ever loss, 4.3 billion euros. Umberto could have told Gianni that he didn't want to be the one with his face in the papers that day. And he could have said he didn't want to have to tell the family that it would get no dividend for 2002.

Last but not least, Umberto could have pointed out that taking the helm at Fiat would mean he would need to find someone to replace himself at IFIL Group, the family investment company. He had no one. The month before, he had had a painful falling-out with his longtime lieutenant, Gabriele Galateri, a victim of Fiat's downward spiral. If he took over at Fiat, Umberto would be terribly alone.

But to say no to Gianni would have been the equivalent of betraying his brother, his family, his company, and all that they stood for. Both men idolized their grandfather, and each kept a picture of the old man in his office. Neither could turn their back on the family legacy.

"I've thought it over, and have decided it is my duty to honor your request. *Va bene*, Gianni," he said, his thin face looking even thinner.

Gianni was visibly moved.

"Thank you, Umberto," he said. "I am very happy."⁵

Umberto knew he had one last chance to fix the company. He had the three billion euros from the banks. He could convince the family to put up more money. And if he could cut costs and find a good manager, he might be able to make it work.

It was worth a shot.



On January 24, 2003, while it was still dark, Umberto called Italian President Carlo Azeglio Ciampi and told him that Gianni was dead. It was announced publicly at 8 A.M. In Fiat factories, loudspeakers relayed the news to workers on the floor, and at Mirafiori, once Europe's largest auto plant, the production lines halted. At Turin's city hall, flags were lowered to half-mast.

“He created work . . . he gave us jobs,” a Fiat employee, Domenica Zaccuri, told a newspaper reporter as she wiped away tears, standing outside the Mirafiori gate shortly after Agnelli’s death.⁶

Gianni Agnelli had lived many lives, and not one of them could be called ordinary. Born into one of Europe’s most powerful industrial dynasties, he fought both for Mussolini and for the Allies during World War II before embarking on a career as one of Europe’s wealthiest and most talked-about playboys in the 1950s. When it came time to choose a mate, he married an internationally acclaimed beauty, taste-maker, and princess, Marella Carraciolo. He grew elegantly old as an industrialist-cum-elder statesman, but never truly settled down.

Fiat’s downward spiral in 2002 seemed to mirror Gianni Agnelli’s physical decline as he shuttled back and forth between Turin and New York fighting off prostate cancer. “When my father died, it seemed as if the springs of a watch broke, and all of the pieces were scattered,” Margherita said years later.⁷

As leader of the family, Umberto faced what seemed to be an impossible task: fix the family car business. Selling it to General Motors was against Prime Minister Silvio Berlusconi’s wishes, Umberto knew, as well as against Gianni’s. But he also knew he might not be capable of fixing the business.

The day Gianni died the sky was a deep, brilliant blue and the snow-covered Alpine peaks gleamed in a blaze of white on the horizon near Turin, lit up as if by spotlights, just a few minutes’ drive from the city.⁸

Umberto drove up to Villa Frescot to say a final good-bye to his brother, and then to a family meeting at Fiat’s history museum, housed in the very first factory where his grandfather and his partners had set up shop. Formerly on the outskirts of the city, now it was surrounded by buildings, such as the hideous modern construction that housed *La Stampa*, the Turin daily paper owned by the Agnellis, with its satellite dishes poking out from its roof. Umberto parked his car in a spot behind a row of other dark-colored cars belonging to the rest of the clan. Normally, Umberto would have been cheered by news that day that a new small car was rolling off the assembly line in Tychy, Poland, where Fiat had just revamped the factory that, a few years later, would produce the wildly popular new 500 that would become an icon of Fiat’s recovery. But today was different.

The meeting of Giovanni Agnelli & C. (GA&C), the family's limited partnership, had been scheduled for some time. The limited partnership was one of the secrets of why the Agnelli dynasty had lasted over one hundred years. Gianni didn't share power with the rest of the family. Most family members belonged, but there was no group decision making. He could consult with others, but decisions were his to make. It kept the shareholders, which numbered over 80 people, from fighting. Fiat was a family-controlled company, but only one person held the family's controlling stake. That person, for nearly 60 years, had been Gianni, and GA&C had been his command center.

While other family business dynasties, like the Barings, the Guggenheims, the Rothschilds, and the Rockefellers, may have lost the prominence they once held in their industries, the Agnelli clan had stayed at center stage in theirs. Year after year, through wars, bombings, the oil crisis, and terrorism, through strikes and booms and busts, they had persevered. They were still leaders in their industry, and they continued to have their say in Italy and worldwide. Umberto was proud of his family, of Fiat, and of his brother.

The GA&C partnership was worth about 1.3 billion euros,⁹ and its assets consisted of listed holding companies Istituto Finanziario Industriale (IFI) and Istituto Finanziaria di Partecipazioni (IFIL), through which the family controlled Fiat and IFIL's stakes in other companies.

This year's meeting had been scheduled before Gianni died, of course. But the company was doing so badly and pressure was so intense that the family had decided to go ahead with the meeting despite the fact that they were in mourning. On that January morning, as the family assembled hours after Gianni's death, it turned to Umberto to lead. Much of the 40-minute meeting was taken up by red tape and organizational details involving Gianni's passing. Then Umberto made a short speech.

"In order to reach the final amount of the capital increase planned for later this year, the family needs to put in 250 million euros," he said, aware that some members would have a hard time coming up with their part. "The family has to do its share. Remember that everything we own, we owe to Fiat. So we owe this to Fiat."

Umberto did not try to win the family over with a fancy speech; it wasn't his style. But he didn't need to. The family respected him.

Umberto had dedicated his life to running Fiat and, after he was pushed out, to managing the rest of the Agnelli family holdings at IFIL, and he knew the companies inside out. IFIL's fat investment portfolio included stakes in Club Méditerranée, French conglomerate Worms & Cie., and department store chain La Rinascente, and provided the family with a steady stream of reliable dividends that offset the wild fluctuations of profitability—and lately, loss—at Fiat. Up until 2000, IFIL's profits had grown every year for 15 years, and it had paid 82.7 million euros in dividends to IFI, its parent company, in 2000.¹⁰ Umberto deeply loved Fiat. He delighted in visiting the Fiat design center and Fiat factories, and unveiling new cars at auto shows.

The family approved the plan to name Umberto as Fiat chairman, sending him back to an operating role at the company for the first time since he had been forced out years earlier. The family also confirmed Umberto as head of the limited partnership for the time being. Umberto proposed the capital increase, and the family approved it. The meeting broke up.

“It's a very sad moment . . . but the world must go on, and we must continue to manage well,” said Fiat chairman Paolo Fresco, who tendered his resignation the day after the funeral, as he left.¹¹



The line to say good-bye to Gianni Agnelli's coffin started forming at 9 A.M. the next day, and snaked through the belly of the former Lingotto factory, up the long, twisting spiral ramp that was built to drive cars from the factory floor directly up to the rooftop test track. Now, instead of cars, somber mourners shuffled slowly forward dressed in overcoats to shield themselves against the winter chill.

The Lingotto had long since ceased being a factory, and Gianni—working with architect Renzo Piano—had transformed it into a shopping mall complete with the Pinacoteca Giovanni e Marella Agnelli art galleries, a multiplex, a luxury hotel, and a conference center. Piano had added a helicopter landing pad with a futuristic glass bubble on top. Across from the glass bubble was an odd-looking metal box plunked on top of the Lingotto that Piano rather whimsically referred to as a “jewel box,” which housed part of Gianni and Marella's art

collection. In front of this former factory with its onion-shaped bubble on top stood another building with Fiat's executive headquarters, where Agnelli had his offices. The offices provided continuity with the company's past. If a company could have a spiritual home, the Lingotto was Fiat's.

At the time of Gianni's death, Fiat was definitely at low ebb. So were Europe's other automakers, and Detroit was suffering, too. The Big Three had lost more ground to foreign manufacturers in 2002, leaving General Motors, Ford, and Chrysler with their smallest market share in history. In March 2003, the United States would invade Iraq and oil prices would skyrocket.

While Detroit had the Big Three, Turin had just one, and the sense of worry hung like a cloud over the crowd that day. What would become of Fiat? Would the family sell it to General Motors? Fiat without an Agnelli was inconceivable, as was Turin without Fiat.

Gianni Agnelli lay in a closed coffin underneath a blanket of white roses, amid a flower-strewn room perched high atop the former factory. His body had been transported in a makeshift Fiat van—no ordinary funeral hearse would do, and Fiat didn't make hearses. Behind his coffin was a religious picture painted by his daughter Margherita that Gianni had kept over his bed. Classical music played in the background. Behind the coffin stood two *carabinieri* (military police officers) in full dress uniform, their gold helmets gleaming. As a backdrop, a glass wall revealed a stunning view across the city. At this height, from high above the rooftops, the Alps looked near enough to touch. Marella had chosen this location for mourners to pay their respects because the Pinacoteca was Gianni's pride and joy. Her choice was a fortunate one, because no one in the family or at Fiat expected the huge river of people that now washed over the bewildered family like a vast Ganges of human sentiment.

Gianni's grandson John Elkann and Umberto, standing near the coffin with Gianni's daughter Margherita and Gianni's widow Marella, got their second surprise of the day when the first people started coming through the door. The family thought they would stop at the coffin briefly and then be on their way. Instead, to their amazement, stranger after stranger came over to Umberto, Marella, John, and other family members to shake their hands and thank them personally.

“The *Avvocato* gave us a job, a house, a future for our family,” said one worker to Umberto, referring to Gianni by his nickname (which meant “the lawyer”).

Turin mayor Sergio Chiamparino and the governor of Piedmont, Enzo Ghigo, were also among the first to arrive, murmuring their condolences.

Left-wing labor leader Sergio Cofferati, who until six months earlier had led the mighty Italian General Confederation of Labour (CGIL) workers union, was among the earliest guests to pay his respects. Italy’s largest company and Italy’s largest union had locked horns often in Agnelli’s time, and had been in conflict since virtually the day Fiat had been founded. Italy’s Communist Party, which in the mid-1970s had been Europe’s largest, usually had few good things to say about Agnelli.

Umberto was amazed by the huge crowd. He had expected to see people like Cesare Romiti, who had run Fiat for decades along with his brother, and people like Antonio D’Amato, the head of Italy’s business lobby. Likewise, sports stars like world champion Formula One driver Michael Schumacher, who drove for Ferrari, had personal links to the family because Agnelli was an avid racing fan in addition to being the owner of the team. Fiat-owned Ferrari’s chairman Luca di Montezemolo, a close family friend, stood by the coffin, wiping away the tears.

What surprised and impressed Umberto was the display of sympathy and feeling from the city and from Fiat’s employees. In a vast, collective outpouring of grief, the normally reserved city of Turin showered its fallen patriarch with heartfelt affection and gratitude.

For decades, Agnelli had been criticized by politicians, unions, stock market investors, and some sections of the press for being too powerful, given Fiat’s status as one of Italy’s few multinational heavyweights. Family-owned companies were blasted as a deadweight on Italy’s economy, since family owners tend to favor control rather than growth, and can sometimes put their interests ahead of those of the collectivity. But in the days surrounding Gianni’s death, those considerations were overshadowed by an awareness of his role in Italy’s national history.

“I think Gianni Agnelli was a symbol of Turin, and his disappearance is mourned by all of us,” one of the people standing in line told a television crew.

By seven o'clock in the evening, Umberto was exhausted after such an emotionally intense day. But the line showed no sign of thinning out. Italian papers would later report that some 100,000 people filed by the coffin. Agnelli's widow Marella, in consultation with the rest of the family, decided to keep the doors open all night. The family's youngest generation took turns keeping a vigil. John's brother Lapo and a cousin, Edoardo Teodorani, were drafted for the wee hours, from 2:00 A.M. to 4:00 A.M.

As the crowds filed past Agnelli's casket, preparations for the funeral over at Turin's cathedral, or *duomo*, the next day were becoming increasingly frenetic. They would continue all night. Umberto was not the only one who was surprised at the huge crowds drawn to say good-bye to the *Avvocato*; Turin prefect Achille Catalani and his staff were scrambling to beef up security and crowd control as they realized that there would be masses of people packed into the square outside the church the next day. Fiat had announced the previous October that it would seek temporary layoffs of 8,000 workers, more than a fifth of its domestic workforce. It planned to close a plant in Sicily. The news had set off protests across the country. What if some laid-off worker or left-wing extremist would decide to seek his 15 minutes of fame by getting even at the funeral of Italy's most famous citizen? Catalani had ordered all the streets around Turin's cathedral closed to traffic. The tram that usually clattered through the square in front of the Renaissance church had been rerouted.¹² But he needn't have worried.

The next day crowds started forming at 7 A.M. outside Turin's cathedral, San Giovanni Battista, the church where Agnelli's funeral would be held hours later. Some 50,000 people were expected to attend. They pressed against the barricades, where loudspeakers had been set up to broadcast the eulogy from Cardinal Severino Poletto, Turin's archbishop. The funeral would also be broadcast live on national television.

Unlike other Italian cities like Rome, Florence, or Venice, Turin does not have a long artistic or intellectual history to show off. It was not home to the Renaissance like Florence, or to one of Europe's first universities like Bologna. Turin was just a small town when the House of Savoy moved its seat from Chambéry in France across the Alps to the banks of the Po River in 1563 and set about making the city its

capital. The Savoy dynasty brought with it to Turin a military tradition that shaped the city for centuries, and would later shape Fiat. Turin became the capital of Italy when it was united as a country in 1861 under the Savoy crown. Fiat's founder, Giovanni Agnelli, was a former military officer in the Savoy army. And the craftsmanship for a budding auto industry came from the workshops that supplied arms and carriages to the royal family.

When the House of Savoy was dethroned after World War II, a new dynasty stepped up onto the pedestal Italy's royal family had left vacant to be lionized, imitated, criticized, or loathed. That dynasty was also based in Turin. Its name was Agnelli. Instead of an army and its knights, it reigned over managers and machines. Instead of reviewing military parades on horseback, its sovereign's place of public honor was in the VIP box at the soccer games of its Juventus football team, or in the pits of Ferrari Formula One races. Now, the city was saying farewell.

By 10:30 A.M., when the funeral began, the square in front was completely full. Italians have centuries of experience in staging public spectacles, and Gianni Agnelli's funeral was no exception. An honor guard of three rows of brown-uniformed *lancieri*, a cavalry regiment that looks like a holdover from Napoleon's day, stood ramrod-straight front of the church, their gold-tipped lances raised to the sky. Cardinal Poletto, resplendent in purple robes, waited on the steps, which were stacked high with wreaths of flowers that had been brought over from the Lingotto that morning. Uniformed *carabinieri* stood guard next to the cathedral doors, hoetail plumes flowing from their helmets.

One after another, chauffeur-driven cars, some with police escorts, discharged their passengers while the crowd looked on, craning to see who they were. Italy's president, Carlo Azeglio Ciampi, whose leadership had been crucial in squeezing Italy into Europe's single currency, was the first to arrive, and was applauded by the crowd as he strode past. Ciampi shook hands with Umberto and greeted the rest of the family. When Prime Minister Silvio Berlusconi followed him a few minutes later, catcalls drowned out the applause. Turin traditionally voted center-left. Plus, the premier had committed an unpardonable error by arriving in a foreign car.

The bell in the red brick tower in front of the church began to toll, its deep sound reverberating through the crowd. Gianni's grandson

John heard it from a distance as he approached, penetrating the closed windows of the car where he sat as it motored along with the rest of the family behind the police car and two police motorcycles. As the car pulled closer, he could hear the crowd applauding over the sound of the police sirens, mixing with the organ music pouring from the church. The applause continued as family climbed out of the car and filed into the church, behind the coffin and a procession of priests holding a cross and candles.

The cathedral, which held 2,500 people, was full, with the 80 members of the Agnelli family taking the right-hand pews, along with Fiat managers like Paolo Fresco and Ferrari chief Luca di Montezemolo. The left-hand side was reserved for politicians, wrapped in dark overcoats and cashmere scarves to ward off the cold. The area around the altar was so crammed with cavalry in high uniform that it would have seemed they were saying farewell to a general rather than an auto baron. The front of the church was packed with a colorful confusion of choir singers, musicians, priests, flowers, and banners. A group of purple-robed priests filed in, shuffled up the steps, and took their places at the altar, which was crowded with priests from parishes with connections to the family, including Don Luigi Ciotti, who had tried unsuccessfully to help Gianni's son Edoardo deal with his heroin addiction.

Marella, sitting in the front row next to Margherita, wore a simple black coat, and looked pensively into the distance as a priest read a passage from St. Paul. Margherita's second husband, Serge de Pahlen, and their five children, sat next to her.

Cardinal Poletto stood in front of the altar, the same place where the Turin Shroud is exhibited in certain years for the faithful to file past and say a prayer in front of what many believe to be the cloth that covered Christ's body after the Crucifixion. The Cardinal had assisted Gianni Agnelli in his dying moments, giving him his last rites, and had no doubt been of great comfort to Gianni during the difficult months in November and December as his disease worsened. The Cardinal's stiff and formal eulogy offered few glimpses of the real man, except for one.

"On Friday our Lord called the *Avvocato* to his side," Poletto began. "I take the liberty of calling him *Avvocato*, because one day I asked him, 'Do you prefer I call you *Avvocato*, or Senator?'"

“‘*Avvocato*,’ he replied, ‘because it’s a stage name!’”¹³

And indeed it was. Agnelli’s proverbial wit did not desert him during his final days. He had created a marvelously exciting character, and seemed to greatly enjoy playing him. But for a man who obviously loved life, his funeral was a somber affair fit for a head of state.

The rest of the ceremony was rigorously religious, and a few times even touched on politics. Cardinal Poletto recounted how Agnelli had wanted to make his confession before he died, as well as celebrate Mass and take communion. “In this way, he prepared himself to consign himself into God’s hands, which he did as he died, after having received the last rites. . . . I say this because I believe that this important and intimate event in his life be known for his own and for God’s glory . . . a sign for us that such an important man on the world stage had decided to prepare for death as a good Christian.”

In a moment of prayer, Margherita crossed her hands over her chest, as a Mozart concerto, K. 229, played, one of Gianni’s favorites. There were no testaments from his famous friends, like Henry Kissinger or David Rockefeller, and no readings from family members. A visitor from outer space would have had no way of knowing that Agnelli was a bon vivant with a string of lovers, for none of them were visible to Fiat’s television cameras among the crowd.

The family seemed detached, and the political guests self-conscious. Marella and the rest of the family sat composed and displayed little emotion, like true *Torinesi*, until a military salute was played by a lone trumpet player. Marella wiped away the tears.

During communion, as the sounds of Mozart poured through the church, the family let themselves go. Margherita was visibly moved. Lapo was crying. John’s brother Lapo had inherited Gianni’s flair and dress sense—as well as his voracious appetite for late-night partying. Always “on,” Lapo had Gianni’s gift of gab and his famous grandfather’s talent for zinging one-liners. He even wore his hair combed back like his grandfather.

After the communion, Cardinal Poletto greeted the family, squeezing their hands in comfort. President Ciampi’s wife, Franca, stepped across the aisle and embraced Marella, in one of the few displays of genuine emotion captured by Fiat’s cameras. Cardinal Poletto moved over to greet Italy’s political leaders in the other pews, stopped in front

of Berlusconi to apologize for the unintentional snub of not welcoming him by name along with the other politicians. Berlusconi smiled and shook his head several times, looking slightly embarrassed.

The service ended and the cathedral's big bells erupted again, this time in a booming salute that reverberated deep within the bones. Gianni's coffin moved slowly down the aisle, people in the pews touching it as it went by. Applause from the crowd, as befitting an exit by a great actor, burst forward from the square to greet the coffin as it was carried out of the church.

The family filed out to their chauffeured cars waiting outside, to take Gianni's body to be buried at the family estate in the town of Villar Perosa outside of Turin.



A few days after the funeral, Gianluigi Gabetti stopped by Umberto's office at IFIL to say good-bye. Gabetti had walked these same parquet-paved corridors since 1971, when he had joined the group as director general of IFI, IFIL's parent company. The building on Turin's Corso Matteotti that housed both IFIL and IFI was built in the style of the austere Renaissance masterpiece Palazzo Strozzi, in Florence, and had at one time been the Agnelli family home. The parking lot visible from the small stone-paved lobby had been a courtyard where Gianni Agnelli and his brothers and sisters had once played.

A lawyer by training, the white-haired Gabetti was more than a manager at IFI. He was also something of a diplomat. He had been Gianni's closest financial adviser for over 30 years. His piercing gaze could be intimidating, yet his manner was courtly and never rude. He was fond of painting and of Mozart, and he could talk on any subject. At any important Fiat event over the past 30 years, Gabetti was probably standing near either Gianni or Umberto, wearing a gray suit during the day and a dark blue one in the evening, listening. He was now retired and living in Geneva, Switzerland, with his American wife Bettina.

"I want to say farewell, *Dottor Agnelli*," he said, entering the office he knew as well as his own closet. Paintings from Umberto's art collection hung on the walls.

Umberto motioned for him to sit down, surprised.

“You cannot leave me alone,” Umberto told Gabetti. “I promised my brother I would become chairman of Fiat. And that means, of course, I have to leave IFIL.”

IFIL was very important to the Agnelli family. Its investments had helped the family ride out the ups and downs of the auto industry. Gabetti was not surprised by Gianni’s request that Umberto become Fiat chairman. He had expected it, though it was none of his business to ask.

Then Umberto told him something he hadn’t known. Umberto’s CEO at IFIL, Gabriele Galateri, had left at the family’s request in the middle of 2002 to run Fiat, and then abruptly left Fiat in December for reasons that were not exactly clear.

Umberto’s predicament, in part, was of his own making. Galateri, after all, had left IFIL to become Fiat CEO because the family asked him to. A good Turinese through and through—his father was a military officer—Galateri accepted. But it was a mistake all around. His financial expertise was not what Fiat needed.

“*Dottor Umberto*, I am eighty years old,” Gabetti said, the unwavering gaze from his brilliant blue eyes never changing, as usual. His wife Bettina was very sick, and living in another country. “I need to think about it.”

Gabetti started turning over the situation in his mind. He had met Gianni in New York in the 1970s at a Museum of Modern Art exhibition where Gabetti was a trustee. They had clicked, and Gabetti—along with his wife—moved to Turin. If he stayed on, Bettina would have to agree to come to Turin again. Perhaps she would, Gabetti thought. It was for the family, after all.

If Gianni and Umberto had dedicated their lives to Fiat, Gabetti had dedicated his to the Agnelli family. After Umberto, Gabetti was probably the person closest to Gianni. But unlike others among his associates, Gabetti never presumed he could be on a first-name basis with the two brothers. For over 30 years, he had always called Gianni “*Presidente*,” and not even by his nickname “*Avvocato*,” even though he was involved in every aspect of Agnelli’s business affairs. Gabetti felt he could do his duty better if he stayed at arm’s length. He was so reserved that Gianni had asked him once, years ago, if he enjoyed his

job. “Sometimes you seem stiff,” he had told Gabetti. Yet they had a very warm, disciplined relationship. That’s the sort of thing Gabetti took pride in.

Like Umberto, Gabetti had been raised to do his duty. It was in his DNA.

Umberto seemed to sense the elderly man’s moment of hesitation.

“It’s only for a year,” he promised. “Prepare yourself to be head of IFIL.”

Gabetti would end up there for far longer, because Umberto did not keep his promise for reasons beyond his control.



Umberto had little time to stop and mourn the man that had both ruled and entertained their family for nearly 60 years.

Gianni Agnelli was Italy’s leading businessman, its best-known citizen, and its unofficial ambassador. He owned Italy’s largest company and believed his main task in life was to ferry it, intact, into the twenty-first century.¹⁴ His various careers as a soldier, playboy, auto executive, art collector, publisher, senator, sailor, and soccer fan were linked by a common thread—a sense of stewardship, and an awareness of how he could use his image as a tool in a media-dominated world.

Agnelli inherited a company founded by his grandfather, who had modeled it after Ford Motor Company. Gianni’s reign began during the heyday of Italy’s economic boom, and he saw the company’s car production swell from 250,000 to a million and then beyond. Fiat rode the economic boom and also drove it, its small cars symbolizing the country’s transformation from a poor agricultural nation to a modern, motorized one. Fiat’s leading role in the economy meant it was a driver in social change, too, as thousands of poor Italians streamed north from villages in the south. Some 300,000 southerners moved to Turin in 1968 alone.¹⁵ But the hangover from the boom was vicious. In the 1970s, Agnelli faced down terrorism and labor unrest, eventually finding a compromise with unions even as he completely mechanized Fiat’s factories.

Fiat’s size in Italy’s economy was lopsidedly big; imagine Boeing and General Motors combined. Agnelli carefully managed the company

with this in mind. This power was the source of bitter and continual criticism. But after his death, Agnelli was seen by many as “a man who knew how to reconcile his own interests with that of the country,” in the words of President Ciampi.

Gianni’s death would set in motion two chains of events, both unexpected. The first one would save the company, and even make it a trailblazer during the collapse of the U.S. auto industry in 2009 when Fiat took control of a bankrupt Chrysler. The other would see Gianni’s daughter Margherita turn against her family, splintering its unity for the first time ever.

Despite Umberto’s worries, the Agnellis would succeed in resurrecting Fiat, which went from being a “laughingstock,” in the words of Sergio Marchionne,¹⁶ its future CEO, to making its stunning swoop on Chrysler almost six years to the day after Agnelli’s death. Gianni’s wish to keep Fiat in the family’s hands set it on a new course. Had Umberto decided to turn the car business over to General Motors, or a new investor, Fiat’s CEO would not have had the scope to make the risky decision to partner with Chrysler. When the crisis hit in 2008, Fiat needed to act fast. Family ownership, combined with a strong CEO, was a plus because John Elkann, as chief shareholder, was free to make his decision quickly.

Moreover, family owners manage their companies for the long term. Managers and financial investors are more focused on meeting their quarterly targets, whereas families like the Agnellis are asking themselves, “What will I be leaving for my children?”

As Umberto soldiered on in the months after Gianni’s death, the limelight was scaring. Italy and Detroit both watched, and observers made no secret of the fact they thought the family didn’t have what it took to fix the company. As the clock ticked down to the day in 2004 when Fiat had the right to force General Motors to buy the remaining 80 percent of Fiat Auto, Umberto and his advisers knew that GM didn’t want it.

“My grandfather’s funeral was one of the hardest days of my life,” John Elkann’s brother Lapo would say later. “Fiat was doing terribly, and everyone was taking potshots at us because it was easy to hit a lame duck.”¹⁷

During the next 18 months, Umberto and his management team dismantled the old Fiat and recapitalized the new, smaller, more

car-focused company that started to emerge from the wreckage. The generational changeover took several years and resulted in two lawsuits that caused great vexation and pain. But when it was complete, the family discovered it had reserves of strength it hadn't dreamed of.

But while Umberto and later John were able to set Fiat on a new course, they were unable to steady the destabilizing effect Gianni's death had on his immediate family, laying bare the emotional dysfunction the charismatic leader would leave in his wake. The Agnellis were able to right Fiat, but the dynasty itself risked splintering for the first time. By the time Fiat took over Chrysler, John and his mother would no longer be on speaking terms. His mother Margherita would eventually sue *her* mother Marella over Gianni's will, in a lawsuit that shocked Italy and made the Agnellis tawdry gossip-page fodder, another first. As details of the lawsuit leaked out, fueled by speculation that Gianni had left cash stashed away hidden from tax authorities in offshore tax havens, his reputation was tarnished in a way that deeply hurt John and others close to Gianni. The lawsuit came at a time when the company was struggling to stay afloat, creating no small amount of ill will toward Margherita. She eventually gave up her stake in the company, and walked away with a reported 1.2 billion euros.

John, chosen by Gianni as his heir at Fiat, had little choice but to side with his grandfather's advisers, Gabetti and Grande Stevens, whom his mother later accused of hiding Gianni's wealth from her to the detriment of her other children.

John's brother Lapo was also distraught, but could not see the situation as dispassionately as John. In 2005, Lapo would nearly die of a drug overdose after a night of partying at the home of a transvestite, and would be forced to leave the company.¹⁸ Gianni had been able to keep his image pristine because of Fiat's power and its control of two national newspapers. Not so for Lapo, whose flameout was covered in embarrassing detail by an Italian press that seemed to revel in seeing one of the Olympian Agnelli clan being dragged through the mud.

Margherita was right about one thing—for the family, Gianni's death was like the springs of a watch breaking, and as the pieces were scattered here and there, the family did what it could to collect them. For Fiat, on the other hand, Umberto started the company on a long road that would eventually transform it into something quite different.