

Making a Difference

An Interview with Robert T. Hale, Jr., Co-Founder and President, Granite Telecommunications, LLC

EDITORS' NOTE *Rob Hale is Co-Founder and President of Granite Telecommunications, a communications company headquartered in Quincy, Massachusetts. Granite was recognized in 2019 as the most philanthropic company in Massachusetts after donating \$25 million to community organizations. Hale has been recognized as a leading entrepreneur by several organizations and publications. He has been repeatedly recognized by Boston Business Journal – Power 50, which salutes the*



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50 most powerful people in Boston. He has also received the Ernst and Young Entrepreneur Of The Year™ award and has been saluted as one of the 25 most influential people in American telecom multiple times. He also owns FoxRock Properties, a Boston-based real estate firm with over 4 million square feet of commercial space. He founded Copley Equity Partners, a private equity firm that invests in small and middle market businesses with significant growth prospects. Hale is a co-owner of the Boston Celtics of the National Basketball Association and the owner of the Boston Cannons of Major League Lacrosse. He was awarded the Boston Red Sox Jimmy Fund Award in 2014 for his long-time commitment to the lifesaving mission of Dana-Farber Cancer Institute and the Jimmy Fund. In 2017, Hale and his wife Karen were honored by the Breast Cancer Research Foundation with the Inaugural Carolyn Lynch Humanitarian Award. In 2018, the pair were honored by Brigham and Women's Hospital with the Heritage Key Award. Additionally, Partners Healthcare saluted the Hale's with the Jack Connors Philanthropic Leadership Award. For 2019, The Chronicle of Philanthropy listed the Hale's as one of the top 15 most generous philanthropists in America. Hale has held or holds leadership roles at Boston Children's Hospital, The Massachusetts Soldier's Legacy Fund, Dana-Farber Cancer Institute, Deerfield Academy, Connecticut College and Brigham & Women's Hospital.

COMPANY BRIEF *Granite (granitenet.com) provides voice, data and other related communications products and services to multi-location businesses and governmental agencies throughout the United States and Canada. Granite furnishes services to more than two-thirds of the Fortune 100 companies in the United States and has annual revenues of \$1.6 billion.*

Will you discuss your vision for creating Granite and how the business has evolved?

In the beginning, the focus was on survival. When we launched the company in 2002, the telecom world had just blown up along with the dot-com world and I had experienced this firsthand with my predecessor company. We had concerns with the regulatory environment which was not defined and it was unclear how it may impact our business so to be honest my early vision was making sure that we were able to survive. In the Fall of 2003, I will never forget getting a call at 7:30 PM from our controller at the time mentioning we had a profit of about \$700,000 and I remember having a euphoric feeling that the business was going to work and we would in fact survive. It was around this time that we changed our business model from being a regional player to being a national provider which really changed who we were.

We were very fortunate early on at Granite to sign up Walmart and Walgreens as customers and they were interested in wholesaling the phone lines they had so we did a beta test in Boston first and then we expanded it to New England and then to the entire Northeast. They liked the consolidated billing and discounting and decided that wholesaling was good for their business and that they would do it for the rest of the country. They decided to wholesale their phone lines in their stores which caused us to have to make a decision about what we would be, a regional player in the Northeast or a national wholesaler to provide a one-stop shop for organizations like Walmart and Walgreens. We decided to redefine who we were going to be which was a company with great service that provided consolidated billing and support as a one-stop shop for national retailers.

It is somewhat ironic that we have won awards and been credited for this business model, but to be honest it wasn't really our idea, but rather the idea of our customers. Our model has not changed for the most part over the past eighteen years.

How critical has it been to maintain culture as the company has grown in size and scale?

It has been very important and it is challenging. This is the responsibility of leadership

as we have experienced rapid growth from the early days of \$800,000 in annual revenues to over \$1.6 billion in annual revenues today and we have done this without ever doing an acquisition, ever having debt, or ever taking outside investment. We have created over 2,500 American jobs. When we were all in one building, it was easier to maintain culture because as the leader I was living right in the middle of it and could communicate it constantly. We are fortunate that as we have scaled up to where we are now with about 25 offices nationwide, the first six or seven offices were led by our teammates who had been with us for years and had lived our culture. They knew the expectations and were able to replicate our model. We have extremely low turnover and I have worked with most of the people on our management team for over 20 years which comes from having mutual trust and an understanding that we are in this for the long haul. Granite is a lifetime job and our teammates believe that and I believe that. When you have this mentality, you focus on promoting from within so as our people grow and assume other roles, they have already experienced and been living the culture.

Where it can be difficult is when we bring in specific expertise since as you grow to a \$1.6 billion company, the skill sets and expertise you need is different. In these cases, we look for talented leaders who we mesh with our existing Granite leaders to make sure that we are communicating the culture and maintaining it.

While Granite is an industry leader, it is not a household name. Is brand awareness important for Granite?

This may not be common for you to hear from CEOs, but broad brand awareness is not a big focus for me. We do very modest marketing and no advertising. We don't seek publication – you were gracious enough to call and we have known each other for many years so I was happy to do this for you. My priority is that our customers feel that we are treating them really well and that we have brand awareness within the 17,000 customers we are so fortunate to serve each day. This matters immensely to me.

What is the key to building customer loyalty and how do you make it more than just about price?

I would be kidding myself if I did not recognize that price is a driving factor for customers, especially in these pandemic times which has

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impacted every business. Price is table stakes and if you are not competitive with pricing, you will not be considered. Having said that, if you have a competitive price, there are other ingredients that matter just as much, one being the customer experience. We have built customer loyalty by building personal relationships, providing great service, and keeping customers happy.

How critical has it been that the diversity of Granite’s workforce mirrors the diversity of its customer base?

This is extremely important since diversity makes us a better company. Our customers are an accurate reflection of the diversity in America and for us to be like our customers, we also need to be diverse. Diverse ideas, diverse understanding, and diverse experiences make brands stronger. We are good at it but we want to get a lot better at it. We have devoted resources and time and energy to this focus since like every American seeing the murder of George Floyd, my views were reshaped about who we are and some of the weaknesses we have. We are trying our hardest to get better and even though we may be doing this well by corporate America’s standards, we have a long way to go to get where we want and need to be.

How has Granite adapted its business to meet the challenges caused by the pandemic and how important was it for you to have clear and constant communication with your team during this uncertain time?

These are tough times and I feel that over-communication has been necessary during this time of uncertainty going back to the beginning of the pandemic last March. We had spent years working on a campus with three buildings where it was easy for me to communicate and see our people each day. When the pandemic hit last March, we quickly sent everyone home and that visual communication that we were accustomed to was gone. In addition, we are all constantly hearing negative news on TV and in the media with all of the crises occurring today and all of this uncertainty made it critical to overcommunicate and reinforce the positive nature of what we were doing. I started sending an e-mail to the team every morning listing our accomplishments and deals that were happening to make sure our team was aware and connected.

We wanted to support the community and knew how hard hit the hospitality industry was by the pandemic. We sought out local restaurants in our communities that we wanted to support and help to survive and we told them that we were going to buy meals from them for the next few months and have them delivered to the homes of our team members so we could have team dinners each night virtually. We arranged for our team members to have dinner brought to them and asked that they take one hour and participate in a team dinner. The only rule was that they could not talk about work. This was about being together and supporting each other during this difficult time. We rotated these dinners among teams throughout the country so that our people were able to get a little bit of a feeling like being at the office again. We did this with nonprofits in our communities as well by bringing them lunch or dinner which helped restaurants and provided some level of food security which is such a major concern today. We are trying to provide some warmth and positivity during this time when there is not much of it.

Do you feel that leading companies have a responsibility to support the communities they serve and to be a force for good in society?

We do feel this is a responsibility. We believe in Maya Angelou’s words, “To those who are given much, much is expected.” I know that I am fortunate and try to do everything I can to share my good tidings. In the last five years, we have put about \$165 million into the community and my teammates last year gave 12,500 hours of community service. We take this very seriously and have been recognized for our philanthropic work. It is the right thing to do, and it is also a business imperative because the best talent wants to work for a company where they can make an impact and also wants a company that is making an impact in the community.

Do the skills needed to be successful in business translate to being successful in philanthropy?

Many of the areas that make you successful in business most certainly translate to being successful in philanthropy. Whether it is working with a small nonprofit or leading a large

campaign, you need to stay focused on the task at hand in order to meet your goals. A focus on execution, whether in business or philanthropy, is crucial for success.

What advice do you offer to young people beginning their careers during this challenging and unprecedented time?

I know from personal experience about failure and uncertainty and how difficult times can be. The first company I ran went bankrupt. I lost \$1 billion, had death threats, lawsuits, had to let go of 400 people on a conference call, and was mocked regularly in the media publicly. There are not many bad things that can happen to a person in business that did not happen to me. People may see the success that I have today but not realize that I have been to the bottom which teaches you humility and resilience. I think this is also one of the reasons that we are not out there at Granite flashing our name and making noise since my sole focus is on my 2,500 team members and their families and on our 17,000 customers.

When I started that first company called Network Plus in 1990, I saw an opportunity and my father put up his nest egg of \$400,000 and backed me. We experienced strong growth from 1991 to 1998 and had a very nice business. I received a cold call one day in 1998 from Goldman Sachs asking me if I wanted to do a bond offering. I told them that I was a sales guy, not a finance guy, and did not know what a bond offering was. They told me we would be able to do an IPO and that I would be a billionaire which sounded pretty good to me. We did exactly what they said and went public and were one of those high-flying stocks that went way up. Then, in 2000, the bubble burst and the stock which to that time had only gone up started to only go down. Our banks called and told us they were not going to continue to service our type of business and that our credit line was not being renewed which forced us into bankruptcy. I never sold a single share throughout this time and lost all of my money. I had to let go of all of my people in one day on a telephone call. To this day, except for the day of my father’s passing, that was the second worst day of my life.

As devastating as that experience was, I learned the most valuable lessons of my life during this time. We were a great company when we were private and didn’t have any debt or any outside investors. We controlled our destiny. I learned the hard way that if you let others into your financial future, they can control your future. That company was taken away from me. This is why Granite is private, has no debt and has no investors. We have built this brick by brick and I want to be able to look my 2,500 teammates in the eyes and let them know that I am accountable to them and that they are accountable to me and that we are accountable to our customers and that those are the only ingredients that we need to worry about for our future. ●