

Proud of the Business

**An Interview with Joel J. Sherman,
President and Chief Executive Officer, Nat Sherman, Inc.**



Joel J. Sherman

EDITORS' NOTE *In 1956, Joel Sherman began his association with Nat Sherman, Inc. – the business his father founded – by stocking shelves and sweeping floors. He joined the company full time in 1963 but left in 1978 to acquire and head his own firm, Concord Shear Corporation. In 1990, following his father's death, he returned to the company, assuming his current posts. He has been the recipient of many industry honors and awards and is a Director of the Tobacco Merchants Association, an international organization; an active participant in, and board member of, several other industry associations; and the author of Nat Sherman's A Passion for Cigars: Selecting, Preserving, Smoking, and Savoring One of Life's Greatest Pleasures.*

COMPANY BRIEF *Nat Sherman, Inc. (www.natsherman.com) was founded in 1930 and is a leader and innovator in all aspects of the luxury tobacco business. From its flagship New York store at the corner of Fifth Avenue and 42nd Street to its corporate headquarters in Fort Lee, New Jersey to Greensboro, North Carolina, where the company manufactures its all-natural tobacco cigarettes, the privately held corporation sells its products through approximately 30,000 outlets in the United States and in more than 30 countries worldwide and employs some 115 associates.*

When and how did the demonization of the tobacco industry truly begin?

About 45 years ago, I got a phone call from a very prestigious distributor in Washington, D.C. with access to both the Oval Office and the Redskins training camp. He was President of the YED (Young Executives Division) of the National Association of Tobacco Distributors (NATD), the powerhouse organization at the time. It was for anybody under 40 in the business who worked in an executive position. I was on the board of the YED and then residing in New York. NATD called an emergency meeting in New York for all the heads of the major tobacco corporations and I was asked to represent the YED and sit in. The smoking dog report had just come out from the Cancer Society and the Surgeon General, but the attitude around the industry was just to be quiet and it would all blow over. This meeting went on for quite a few hours and I finally spoke up and said, "I don't think it's going to blow over; I think you should question the science," which appeared somewhat inaccurate. "Ignore the kid's advice and wait for it to blow over," they said, and now we are paying the price for that attitude and arrogance.

For six or seven years, there was a big boom in the popularity of cigar smoking, but it seemed to switch very quickly.

Premium cigars is a unique category showing continued growth, though settling down after the boom years. The biggest challenge has not been the increased taxes but the smoking bans. While they are focused on cigarettes, cigars are equally impacted. It is hard to find a place to enjoy a good cigar these days.

Are you concerned that this industry can survive when faced with issues like greatly increased taxation?

There are a number of states and cities that have raised their taxes outrageously to fix their budget shortages. The Master Settlement Agreement, through the attorney generals, takes its share, then the federal government just took the largest increase in tobacco product taxes ever. This, of course, hit mainly the middle- and lower-income families because they represent the bulk of the smoking demographic. So there goes the President's promise not to raise taxes. But I have always believed that there is no such thing as a problem – only an opportunity, as adult smokers choose to smoke less but smoke better.

The FDA legislation calls for an elimination of descriptives, which means tobacco companies can't use words like "mild" or "light". The reason is they feel this infers a safer cigarette. The

unintended consequence is people will not know what they're buying. If you were to take quarts of milk and remove the labels, you wouldn't know whether you were buying 2 percent, homogenized, or skim, so what makes the milk drinker any smarter than the cigarette or cigar smoker? It's punitive legislation for a company that has been honorable for 80 years.

Does the lack of civility in the dialogue surprise you?

It's a one-sided debate. People are afraid to take a stand. I'm proud of the business we're in, and of the quality of what we produce. Cigars and cigarettes are social lubricants, whose bonds have probably contributed to the solution of many of the world problems during conversations among world leaders. Can you imagine if they asked Churchill to leave the room because he was smoking? At least Governor Schwarzenegger has the courage to stand his ground and smoke a cigar. Many social smokers, when asked if they smoke, are ashamed to admit that they enjoy tobacco because of the profiling against them.

It must be so frustrating to work in this industry. How do you classify success when you are facing so many roadblocks?

Vince Lombardi said, winning isn't everything, but the desire to win is. I'm motivated by that concept. To survive and prosper is to win in all situations. It's about informing the public of the facts that are hidden from them and letting adult consumers decide for themselves.

Do you ever think about slowing down, or is it just not possible?

I am very proud of my progeny, who are respected in the industry and are fine business-people. They could carry on very nobly without me, so I have cut back on a lot of responsibilities. I like to be heard, but I can't remember having said, this is the way it must be. It's a new world, and a big portion of the answer to our difficulties and our problems relate more to the next generation and how they handle it, be that with Twitter, or Facebook, or other ways to reach the public. I'm not about to give up and sit back and not say my piece. I encourage the troops and remind them of the Lombardiisms, like there are only two or three plays in any game that really count, but you never know which ones they're going to be so you have to play every one like it's the one that matters. That's how you create a good product and a winning company. ●