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Jon Bernstein:

Welcome to PNC C-Speak, the Language of Executives. I'm Jon Bernstein, Regional President of PNC Bank in New England, alongside my co-host, Carolyn Jones, Market President and Publisher of the Boston Business Journal.

Carolyn Jones:

Thanks, Jon, it's great to be with you on PNC C-Speak. Each podcast features local executives talking about relevant and timely business topics. This knowledge sharing platform showcases leaders with forward-thinking approaches that disrupt the status quo and cause us to think differently.

Jon Bernstein:

Our guest today is Rob Hale, President and CEO of Granite Telecommunications. Rob, welcome to PNC C-Speak, it's great to have you join us today.

Rob Hale:

I'm happy to be here. Carolyn, thank you for making the time for me.

Carolyn Jones:

Thank you.

Jon Bernstein:

Rob, there are so many things to talk about and cover, but can we start with an overview of Granite Telecommunications and its mission?

Rob Hale:

Sure, just a couple facts. We're about a \$1.8 billion business. There are about 2,500 teammates at Granite. We support about 17,000 commercial customers. Our niche is multi-location, big business, so PNC is a customer of ours, as are the three or four other banks that are of your approximate size. Pull all the services together in a single support network. A nice way to say it might not be one throat to choke, but that's probably the way many folks look at it, for managed voice and data services.

Carolyn Jones:

That's great. Well, thank you for that overview. Rob, maybe a little bit more about Granite. So you started Granite with your father, so tell us a little bit about that.

Rob Hale:

I'd probably have to back up 10 years to give you a...

Carolyn Jones:

Good, okay, that's good.

Rob Hale:

So, I graduated from Connecticut College, whose mascot by the way, is the Camels. A proud mascot. Connecticut College Camel. I went to work for MCI in sales in the Prudential Center, loved every minute

of it. There was this thing called aggregation, which was bulk buying of AT&T services. A couple of my customers asked me what it was, and I said, "I don't know, but I'll look into it," and as I looked into it, I said to my dad and my mom, my father was the original importer of Laura Ashley. I suspect, Carolyn, you've warned Laura Ashley, at one juncture or another.

Carolyn Jones:

Wow, yeah.

Rob Hale:

A couple of festive occasions, I'm sure. And so, I was raised in an entrepreneurial environment, and so I said to my folks, "We can do this," this aggregation, this bulk buying of AT&T services.

So today people see a lot of zeros around Granite or around some of the philanthropic efforts for the Hales, and the numbers can get a bit misleading. My parents put up \$400,000 in 1990, which was their nest egg. So my parents bet the farm on me, and so that's never to be forgotten.

So in 1990, my father and my mother were the funders of Network Plus in Quincy, and I was the founder. In 1990, we lost money. From '91 to '98, we grew profitably. Goldman Sachs cold-called me in '98 and said, "Hey, do you want to do a bond offering?" And I said, "Listen, I'm a phone guy. I'm not a finance guy. I don't know what a bond offering is." They said "If you do a bond offering, you could do an IPO and you will be a billionaire." I said, "I love bond offerings. But of course I want to do that bond offering."

And what they said was going to happen, happened. In June of '99, we went public and these are the Halcyon times of CLECs, that's the competitive local exchange carrier. That's kind of the acronym that defined what we were. So we went public in June of '99, stock supposed to open trading at \$16. It didn't open until \$26 because there were so much demand for it. Over the next eight or nine months, it drifted up to about \$63 a share. I own 27 million shares, so I had \$1,400,000,00 next to my name. According to Forbes, I was the seventh wealthiest guy in the world, under 40, if you will recall. You're probably not old enough. Jon is old enough to recall this.

Carolyn Jones:

I probably am.

Rob Hale:

In March of 2000, a bubble burst. It burst primarily in my face, it felt like. And so our stock, for 9, 8-9 months went like this. For the next 18 months, it went just like this. So nothing could stop it from going up in the beginning, and nothing could stop it from going down in the back half.

In the fall of 2001, Goldman and Fleet and CSFB, which were our banks, said to me, "Hey, listen, we had a banking relationship with them. You have a credit line and it's going to expire. And when it expires, we're not renewing it." And we were EBITA deposited. We hadn't missed a covenant. They just said, "We don't bank CLECs anymore."

So February 4th, bad luck. February 4th, 2002, we went into bankruptcy. So February 4th, 2002, I hit bottom. Except for your health, as much bad stuff as can happen, some happened to me. That morning when we went bankrupt, that equity, which was again \$1,400,000,000, officially finally became zero, never to return. That morning, we had gotten debtor in possession financing, which is financing you take into bankruptcy, but it had a contingency.

At granted, I considered myself the head of the sales force. I considered myself the head of that sales force at Network Plus. The contingency was we had to let go of the whole sales force. So that morning I had to get on a call with 400 people and say, "Listen, I know you trusted me." I think most of them joined that company, I hope, because they trusted me. I had to tell them, "I betrayed you. You don't have jobs anymore."

That afternoon, my wife was at home with a 2-year-old, 4-year-old and a 6-year-old. Somebody called our house. She picked up the phone, and the guy on the end of the call said, "Because of what your husband's done, I'm going to come over and kill you." So February 4th, 2002, I got pretty close to bottom.

March 15th, 2002, we were sold at auction. June 3rd, 2002, we started Granite. And as much bad luck as befell me... First of all, I was a captain of the ship. I'm not passing the buck in any way, shape, or form. I made all the decisions, but there were a whole bunch of bad breaks that that happened to us.

And then, a whole bunch of really fortunate things happened to me over the next couple of years, probably most of which was my family had the support. My father and my mother put in half the money to start Granite. I put in the other half of the money.

At the time, the telecom landscape had lost by most analysts, expectation lost a trillion dollars. So there were no assets, there were no venture firms, there were no private equity firms, there were no public fundraising vehicles for Delco. So my family and me, having faith in us, probably one of the foremost ingredients in our success.

So we started in June 3rd. We got really, really lucky. We were going to do, and I'll be honest about this, we were going to do what every other CLEC had done, which is build a regional network. To start the business, because we didn't really have any money, we started this company with seven people, we were going to do wholesale in a region and then deploy switches to increase our margin.

We did the wholesale deal with Verizon, again, because at the time we didn't have any money. We were lucky enough to get Walgreens and Walmart to beta test us as discounting their services in their Boston stores. Shortly thereafter, they said, "This aggregating and discounting, it works really well for us. Let's do it for New England." Shortly thereafter, they said, "This aggregating, discounting, it exists. It's working really well. Let's try it for the entire northeast." Almost to the same day, at the end of '02, they brought us out to Chicago and to Bentonville and said, "Hey, this aggregating of our phone lines works well. We're going to do this for the rest of the country. We may or may not do this with you, but we are going to do this for the rest of the country."

So by the time the wheels touch home, we had to make a decision. Are we going to do what Wall Street and our industry said, which is build a physical phone company, become a regional phone company. Or are we going to do what the first and the fifth largest retailer in the country suggests? And we think that opportunity might be even broader than those firms. But remember, there was no such thing as aggregation, which is what we'd become. And so the leap of faith that we took was listening to our customers, and those customers ultimately ended up defining all the successes we've ever had.

Carolyn Jones:

Wow, that's an amazing story. And you must have amazing parents, man. That's... The whole family. That's incredible. Really is.

Rob Hale:

Thank you.

Jon Bernstein:

Rob, I'd love to hear, you said you were raised in an entrepreneurial environment, and the stories you just told about your family's commitment to help you up, could you describe a little bit of that background and what you mean by that entrepreneurial environment?

Rob Hale:

Sure. As I mentioned, my father ran an import/export business, and I grew up in Northampton, right? So western Mass. I'm from 413, God's country, Jon. I know you think like Newton is God's country. You got to go a lot further west to get out to God's country. So my father ran an import/export business, and he used to have sales meetings in our living room. So once a quarter or twice a year, or something like that, he would've sales meetings, and there were five or six sales guys that worked there. And I can remember clear as day, sitting at the foot of the couch, listening to him running sales meetings, and thinking, "This is what I want to do." Since the time I was a teenager, I wanted to run a small business.

Jon Bernstein:

Business is all about innovation. How do you find that every day, to come up with something new?

Rob Hale:

Well, I actually think it is listening to the customers, that every success that we have had, almost without exception, has been the byproduct of a discussion with customers.

So today's Monday. Tonight, I'm actually going to fly out to Cincinnati. I'll have six meetings in Cincinnati tomorrow. I'll have four or five meetings in Columbus on Wednesday, and I'll come home, and then I'm going to do the same thing in Atlanta, and Miami, and Chicago, and Minneapolis, and Houston, and Dallas. So I leave almost every Monday night. I have five or six meetings in a city. I go to the next city. I have five or six meetings in the city.

First of all, I'm very, very, very, very fortunate to do that because I have great operational teammates. To be clear, I'm not a detail guy. If I was in charge of our ops, we would be flailing miserably. My value and the joy I get from the business of being around my teammates and being around the customers. So I'm able to leave and go have meetings with, and I mentioned, some of the customers earlier, but they're the biggest companies in the world. Those are the folks that... Biggest brand. The most valuable company in the world, which just changed, I think that just changed last week for the first time in years, but both of those two companies, the biggest company in the world, the most disruptive company in the world, you know who they are. Those are our customers.

And so I have the good fortune of meeting with those kinds of folks and asking, of course, "Is granite treating them well?: And if they're not, then I have to have a different discussion. But if we are, which more often than not is the case, then we could have a strategic discussion, and they tell us what matters to them. They tell us where their pain points are. They tell us how we could improve for them.

So being in front of the customers is, to me, it's the key ingredient to all innovation, because they'll direct you. And so for instance, Walmart, again, Walmart called us 10 years ago and they said, "Hey, listen, we're going to put a Humana kiosk in every one of our stores, and we want you to cross connect, meaning, bringing the wire, the phone wire, so that when you walk into a Walmart, you pick up the phone and it auto dials..." This is years ago... "Go back into Humana and they sell you benefits. And so we want you to get the phone lines," which we said, "Yes, that's awesome. Thanks a lot." And they said, "And we want you to cross connect it," which is like a technician coming in and screwing the thing in.

And we said, "We don't do that." And they said, "I don't think you heard me." And so, we said, "Yes, we'd love to do that." So, essentially, what we did was go to the Yellow Pages 4,100 times, because there are 4,100 stores, and say, "Hey, Ed's Electric in Banger, Maine, and Pacific Electric in Fresno, California, can you go cross connect this thing for us?" And what we realized is if the biggest company in the world doesn't have a national network of technicians, then probably a lot of other folks don't either. And so, that business has grown to be about a hundred million dollars business. It's strategic asset that we have that other telcos don't have. It's a nice net profit, and created a couple hundred jobs, and it's ended up being a significant advantage that again, Granite uniquely brings to the space. And I'd love to say I thought of it. I didn't. They did. We just listened.

Carolyn Jones:

I think that listening is the big, big key, and sounds like you do a lot of that, which is probably one of the keys to your success.

But let's just shift for a minute. Rob, you and your family, and Granite have a really rich history of philanthropy and generosity. Granite has consistently been ranked as one of the top companies in Massachusetts by the BBBJ for its charitable giving. I think our last list was over \$72 million in charitable giving in the state. And you personally gave a monetary gift to UMass Boston students recently, which was amazing. So talk a little bit about what drives that.

Rob Hale:

We subscribe to Maya Angelou's philosophy, "To whom much is given, much is expected." I think it probably gets back to being part of... I grew up in North Hampton, when I first moved here. I lived in Southie, Boston, Brighton, then we moved to the Back Bay, then we moved to Hingham, raised our kids in a community like Hingham. Now we live back in Boston. But every step of the way, we've been part of a community. And if you're lucky, and I work in Quincy, that community and those communities have helped our family. They've helped our company. They've made our lives unique. We have a wonderful life, my wife and I, our family. And we are keenly aware of the fact that that's because the community has taken great care of us. And so, we feel that if the community has done so much for us, which it has, then we should do everything we can to help the community. So it feels to me like it's the right thing to do.

Carolyn Jones:

Yeah, that's very inspiring, really.

Jon Bernstein:

On the community theme. I know that DEI is important to you. Could you tell us what you're doing to create a more diverse workforce and to foster culture that is an inclusive and equitable environment?

Rob Hale:

That's bedrock to who Granite is. Again, back to the community, we work in Quincy, and Quincy's as diverse as any city in the Commonwealth, if not as diverse as any city in the country. And so what we try to do is create a platform where leaders excel.

By the way, we look at everything long term. We don't look at anything short term at Granite. So we have our own culture. And to be clear, our culture is about hard work. We don't shy away from that. We expect our teammates to work hard. We expect our teammates to care about our community.

So in that environment, leaders from all walks of life are given an even platform to excel. In that platform, diverse, unique individuals do excel. And so, to me, it's all about creating opportunity, making sure it's open and fair for everybody. And in that environment, you'd be really surprised. Cream rises to the top, and it creates a diverse fabric.

We also have, as Carolyn mentioned, we are honored to be listed as one of the more philanthropic companies in the state. We try to make sure that our teammates drive that. So in addition to \$72 million in the state of Massachusetts, last year, I think we put 5,500 hours of blood, sweat, and tears into the community. And so, all of those organizations that we support in this community or in any other state that we have teammates in, the places that we spend time and we give our resources, both financial resources and talent, they're suggestions of my teammates. So it's very important to us that, to me, that my teammates own this, and my teammates care about this. And that teammates know that whatever's important to their community, we are going to help them.

Carolyn Jones:

I like the way you constantly refer to them as teammates, which is really important.

So talking kind of on that workforce trend, continuing that many employers are grappling with the change in workforce, right? What the trend is, generational differences, new and different needs that employees have now since post COVID. So what do you see as the path forward for employers?

Rob Hale:

I think I'm going to sound like a contrarian when I say this. I think that lots of folks today, lots of leaders today, suggest that all of the younger teammates want freedom and want flexibility and want to work from home all the time. I don't think that. I think that many of the younger folks want mentors and teachers and visible leadership.

And so, as you could see, we're running a conference call. You could see behind me, people are moving around. I sit in a cube in the middle of the floor with 130, 140 people, that sit near me. I've been doing that for 21 years. I didn't start during the pandemic, but it's the way that I try to lead, which is to be visible, to be in the middle, so that all of our teammates understand, "Hey, listen, we're all doing the same things together." In this instance, I've been doing it here for 21 years, in aggregate now. I guess I'm getting pretty old, we're approaching 35 years.

But I've got lessons that I can share. My opinion, General George Custer, who may not be the best guy to listen to in terms of leadership advice, but he said, "Leadership comes from the front." And so to me, it's very important that my teammates see me and other leaders, whether it's the vice presidents, the directors, the managers, whatever, we expect those leaders to be here, or in other facilities across the country, so that the 23, 25, 27, or relatively new employees of any age can learn from them.

So our expectation is that we're going to, again, back to, I'm not going to shy away from this, we work hard. And you should expect me to work hard. I get to work at 5:55 every morning. I feel pretty comfortable, if I get here at 5:55, you should be able to get here by eight. And I'm not trying to sound glowering when I say that, but I think it's fair for me to ask, as long as I'm willing to give. If I'm not willing to give, then I don't think I should ask. Or at least it's going to be a muted message.

And so I sit here so people can see me and our other leaders sit in the middle. Our other leaders, if there's a customer that goes... Something goes wrong, I'm happy to get in and try to help fix it. If there's a presentation we're making, I'm trying to help it.

I think that this generation doesn't want, this is going to sound contrarian, but I think they want an element of flexibility, but what I really think they want is to learn and improve. And to me that's best taught close together, doing the work together.

Jon Bernstein:

Rob, turning that dial around, for you, who have been your mentors? Who have been the inspirations to you as a leader, both personally and professionally? Who have been your role models?

Rob Hale:

My father, first of all. As I mentioned to you, since the time I was a teenager, I expected and hoped to run a small business. When I saw the joy that a small, concentrated, and intense team could have in building a small business, I always thought that I wanted to do that. And so my father was not, he's not a telecom guy, never was. But what he was was a leader. And so if I had questions about how to deal with the personnel issue or how to deal with the negotiation, he was always the first person I would go to.

And from my mother, I got patience, and the ability to... So I assume your parents have different ways of looking at the world. My father was impulsive and rash, and I probably have a little more of that than I should, but my mother taught me to digest and then act, which was a very, very important lesson.

I would say in this community, I'm not trying to blow my own horn here, I think people like me are dying breed. There aren't that many people who want to create a business and do it for the rest of their lives. I think too many of the... And again, this is going to sound contrarian, too many of the business leaders that I know, they talk about angel investors, and A round and B round, and venture funding. And you could tell it's just a path to an exit. And if that's their choice, more power to them.

That's not my choice. My choice is to do this. And so I've been doing it for 21 years. I ran the other company for 12. And honestly, I thought, this is going to sound crazy, but I thought I was going to die at my desk. And so, when it got taken away from me, what I learned is that I really loved this business, this kind of business.

So I have sought out, there are some great leaders in this town, and I'll be honest and say, like the Krafts. They are a family business with clearly generational vision. They want to create a company that, and I'm not talking about football, or I'm talking about the business that creates great jobs, creates value, and lasts. And so that's what I want. I don't want to be short term in my thinking. So I've sought out Robert and Jonathan and folks like that, and said, "Hey," and asked questions of them. And they've been very, very, very generous of their time and insight. So folks like that, that seem to me to want to do it for generations are the people that I try to find.

Carolyn Jones:

Well, I'd love to hear your views about our region, which expands beyond the business. Why from your perspective, is Massachusetts a great place to work, to live, lead a business, and what do you think needs work and attention here?

Rob Hale:

I don't expect to ever leave Massachusetts. Like as I mentioned, I grew up in North Hampton. I went to school in Connecticut for four years, and then I came back here to Boston. I don't ever expect to leave. I think some of the foremost strengths of Massachusetts are part of what makes it so appealing to that next generation, which continues to either school here and stay here, or come here after their schooling. It's an eclectic cultural mix. It's got a variety of really interesting communities, both

intellectual and logistically. Needless to say, our academics are foremost in the world. Our medicine and research is foremost in the world. The financial community here is very, very strong. So there are some really powerful, compelling strengths. And the snowball turns powerfully downhill for us, where it's almost like a magnet that so many of the young kids here, other people are going to Boston, so they want to go to Boston.

Carolyn Jones:

Great insights.

Jon Bernstein:

Rob, we'd like to close with some rapid fire questions. So off the top of your head, are you ready?

Rob Hale:

Okay. Tell me.

Jon Bernstein:

What are you currently reading or watching?

Rob Hale:

I read every day, the Journal, the Globe, Every Week, Business Week, Fortune, and Forbes, and Sports Illustrated. Knock on wood, it survives. Of course, I read the Boston Business Journal every week, of course. And so I'm more nonfiction than I am fiction. And I've just concluded a nonfiction called Blind Man's Bluff, which is a series of chapter short stories about Cold War, Russian, and American submarine espionage, which is spellbinding.

Jon Bernstein:

What is something on your bucket list?

Rob Hale:

Boston Marathon.

Carolyn Jones:

Oh, cool.

Jon Bernstein:

That's right. What would you do if you had no fear?

Rob Hale:

I don't have a lot of fear. I'd do what I do.

Jon Bernstein:

What's your favorite spot in our state?

Rob Hale:

I got engaged on the Mass Ave. Bridge, so it's the most sentimental to me.

Jon Bernstein:

What do you do for fun?

Rob Hale:

We bought a farm in Norwell. It was a horse farm. We've turned it into a non-for-profit. We've planted an expansive apple orchard. We've put in honeybees. This past year they created 900 pounds of honey. This year, I think we'll get it up to 7,000. Looking forward to creating... It's called Fox Rock Farms... An expansive non-for-profit honeybee restoration project.

Carolyn Jones:

Love that.

Jon Bernstein:

Critically important.

Carolyn Jones:

What's the name of it again?

Rob Hale:

Fox Rock Farms.

Carolyn Jones:

Fox Rock Farms.

Jon Bernstein:

And finally, what's a wish you have for the future of our Commonwealth?

Rob Hale:

We have so many great things, if we can fix these two or three primary shortcomings. I honestly believe we're the best state in the country because tried and true, I'm a Massachusetts citizen and fan. I do think we have a couple of those significant issues that we need to tackle. And if we can improve on them, we become the most compelling state in the country.

Jon Bernstein:

And that wraps up another episode. Thank you so much for joining us, Rob, and for sharing your insights.

Rob Hale:

Jon, Carolyn, thank you. It's been my pleasure.

Jon Bernstein:

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I'm Jon Bernstein.

Carolyn Jones:

And I'm Carolyn Jones. And this is PNC C-Speak the language of executives. Our guest today was Rob Hale, President and CEO of Granite Telecommunications.

Jon Bernstein:

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