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A Success Story: President of Four-Generation Family Business Talks About Strategy, “Giving Back,” and Gubernatorial Aspirations

By Paul I. Karofsky

Steve Grossman, Democratic candidate for governor of Massachusetts in 2002, is president of MassEnvelopePlus in Somerville, MA, a full-service printing and graphic design firm started by his grandfather in 1910 and now a fourth-generation family business. He is also founder and president of Givenation.com, which helps nonprofit organizations raise funds online.

Steve has played a prominent role in both national and state politics, most recently as national chairman of the Democratic National Committee, which he helped revitalize from 1997 to 1999, president and chairman of the Board of the American Israel Public Affairs Committee from 1992 to 1996, and chairman of the Massachusetts Democratic Party from 1991 to 1992. A strong believer in grassroots politics, he remains an active member of the Ward 7 Newton Democratic City Committee. He was also a leader of many philanthropic, civic, and cultural organizations over the years.

KAROFSKY: Steve, please share with us a bit about the origins of MassEnvelopePlus.

GROSSMAN: My grandfather started the company in 1910. He was a salesman and a sales manager at Boston Envelope Company, which, ironically, we acquired many years later. He always had a dream of starting his own business. He wanted to serve the needs of his customers and do it on his own.

KAROFSKY: And then your dad and your uncle joined him?

GROSSMAN: After a furious battle in the family, because they wanted my father to go to college and he wanted to go into the family business – my dad won – and right out of high school, my father went into the business. My uncle, Jerry Grossman, came into the business in 1938, and they were partners until 1975.

KAROFSKY: And then you joined the business.

GROSSMAN: I graduated from Harvard Business School in 1969, went into the business, and then left for three years to work for Goldman Sachs. One day my father called and said, “Jerry’s interested in selling his interest in his business. Would you be interested in buying it?” Being in business with my father was always one of my highest aspirations in life. And, so, since 1975, I’ve been president of the company.

KAROFSKY: I know that you and your dad had a remarkable relationship, and he spoke of it often, and I know that he supported your interests outside the world of family business. Tell us more about that.

GROSSMAN: The day I came back, my father said, “Steve, you and I are now partners. You’ll be the president of the company.” And from that mo-

ment on, there was no aspiration or goal I had for the company in which he did not support me. My father and I never had an argument or a harsh word for one another in 25 years in business together. I think we knew that when one of us felt strongly about something, the other would simply understand that it was an important matter and you just worked together and respected one another.

KAROFSKY: Do you realize how rare and precious that is?

GROSSMAN: I know, because I have talked to many people who own family businesses. My father's office and my office were next to each other. There was a wall between us, so we cut a hole in it and installed a big glass window there so that we could talk back and forth through the window. My father told my two sisters and me, "Do what you want with your life, whatever your goals are, follow that star." Amy went into Jewish community service and came into the business eventually. Mary Ellen was a guidance counselor and she, too, ultimately came into the business. Now the three of us run it.

KAROFSKY: How do family members avoid having a sense of entitlement?

GROSSMAN: That is precisely how my father put it. We had to demonstrate our capabilities in our areas of expertise within the company, and that's the same approach I have taken with my son David. He graduated from Princeton in 1998 and had a couple of jobs along the way. I said, "I just want you to know that you've got a great opportunity here, though nobody is ever going to hand it to you on a silver platter. You're going to have to work your way up and earn the respect and trust of each of your colleagues. And if you decide to do this, some day I think you can look forward to playing a major leadership role within this company." I believe this is particularly important for family members, because it's overwhelmingly incumbent on family members to show that they have the capabilities and skills and

are willing to work hard and play by the rules.

KAROFSKY: Steve, here you were, your dad's partner in business. Yet he's in the office every day and you're outside in the world of politics. How did he reconcile that?

GROSSMAN: He encouraged me. In fact, one year we went to a major gifts dinner for the Combined Jewish Philanthropies, where you announce your gift publicly. I was campaign chairman. My father got up and said, "Our family, Shirley, myself, Barbara, Steve, etc. are going to increase our gift from X to Y. But I want you all to know that we have not only made this gift of resources. I believe that I have given you the greatest gift I could possibly give you – my son." He supported my grandfather, who was a public servant. In 1945, my grandfather said, "Fellas, I'm out of here. It's your business to run. I'm going to devote the rest of my life to public service." He was penal commissioner in Boston for Mayor Curley. And he was commissioner of corrections for Governor Paul Dever. And then he was on the Boston Finance Commission with Ed Brooke. My father was tending to the business, while my grandfather did public service.

KAROFSKY: So public service is deeply engrained in your family's culture.

GROSSMAN: Yes. My uncle Jerry founded many liberal grassroots organizations and took major time off for Eugene McCarthy and George McGovern, and my father supported him every step of the way. So when it came time to do it for me, I followed three generations of people in our company who engaged in public service in one way or another. My father had a great comfort level with public speaking, and I got it from him. He once said, "Steve, you've taken public service across the whole spectrum of Jewish communal, non-Jewish communal service."

KAROFSKY: Wouldn't it be something if he knew what you were doing now?

GROSSMAN: He knows. Even in 1996, when the president and vice president asked me to chair the Democratic National Committee, I knew I was going to have to go to Washington three days a week. I would be out of the office Tuesdays, Wednesdays, and Thursdays. He said, "Steve, your grandfather came from a little town on the Russian/Romanian border a hundred years ago. You are going to be asked tomorrow by the president of the United States to head up the oldest continuous political party on the face of the earth, the Democratic Party, at a time of crisis."

KAROFSKY: And during this era of public service, the business continued to prosper?

GROSSMAN: From the time I came back in 1975, we took the business from a little less than \$4 million dollars in revenue to eight times that size now. So, we showed what I would hope people saw as bold, energetic, decisive, imaginative leadership. Even though I was taking a lot of time away, I compensated for it by putting in large amounts of time in the evenings and weekends and doing other things so that I could be a strategic thinker, a builder, a salesperson, whatever it took.

KAROFSKY: Your sisters and your mom are also involved in the company. Tell us about their roles.

GROSSMAN: My sister Mary Ellen came into the business in 1978. I was heading up a leadership development program at the Combined Jewish Philanthropies, and I asked her to join it. She asked for a one-week leave of absence from the Framingham schools. They wouldn't give it to her. So she left and came into the company working in accounts receivable. She is also now the treasurer of the company and works very closely with our chief financial officer on all financial matters. She and my mother manage the whole area of accounts receivable. Its always been a very important source of pride to us that our annual write-offs for a \$30 million dollar business are less than \$5,000 of bad debts. Some would say that our credit standards are

too tight; I would say that my father is watching carefully and smiling.

KAROFSKY: And what about your sister, Amy?

GROSSMAN: Amy was involved in professional and Jewish communal service for years. She was a salesperson for us in New York for the better part of 10 years. Then I suggested that she come back to Boston, which she did, and she is now a vice president of the company, a member of our management team, and our director of marketing. Amy is very much like my father – very detail oriented. And in a business like ours, sweating the details is the most important thing. People sometimes have great visions but don't sweat the details. At the end of the day, my father never had a paper left on his desk. Amy is involved in every aspect of the business and is my ombudsman. And when you're out of the office as many hours as I am, you need somebody to tell you what's going on and identify the issues that you need to think about on that particular day. Amy's very good at using my time in the most efficient, effective way possible.

KAROFSKY: Is she functioning effectively as chief operating officer or do you have a chief operating officer?

GROSSMAN: No, we don't. We have a very unusual management structure with a small management team. One of them has been with us for 28 years, another for 21 years, one for more than 15 years, and our CFO for four years.

KAROFSKY: And they all report to you in a direct line?

GROSSMAN: All report to me, but we have a management team meeting every two weeks. There is constant cross-fertilization of ideas, constant information being passed back and forth. We communicate beautifully.

KAROFSKY: There must be a keen sense of individual accountability to make it work?

GROSSMAN: There is. But, also, the amount of time that I take away from the business is a source of empowerment for each of these people to take on significant leadership responsibilities, and they have each flourished dramatically in the process. They instinctively understood that my responsibilities had to be taken on. It's as if they were waiting for me to take off more time so that they could show me and the family how well they could perform.

KAROFSKY: I understand your family's cultural and historic influence in the world of politics, civic service, and philanthropy. But what stimulated your personal interest in politics?

GROSSMAN: I've always felt that the most important challenge that I had was how to balance family, career, and community. Those are the three elements of my life. I'm a genetic Democrat. My grandfather's first campaign was in 1910 when he helped Honey Fitzgerald (President Kennedy's grandfather) win his re-election campaign as mayor of Boston. So we have a 90-year history of political involvement. I grew up with it. My grandfather was the vice chairman of the Mass. Delegation to the Democratic National Convention in 1948. He and my father were the only father/son delegate team there. My Uncle Jerry was a Democratic National Committeeman, so we have had three generations involved in Democratic grassroots political activism. My specific catalyst was in February 1970 when I went to a caucus when Father Robert Drinan was nominated and eventually ran for and won five terms in Congress. Six weeks married, I had dinner with my wife, Barbara, that night and said if that's what grassroots politics is all about, that is something to which I am going to devote a significant part of the rest of my life.

But I didn't get to politics directly. I got to politics through my involvement with Jewish communal service, because a friend recruited me into a young leadership program at the Combined Jewish Philanthropies in 1977. That precipitated a whole series of activities in Jewish life, which eventually brought me to the attention of

Michael and Kitty Dukakis when Barbara and I chaired a fundraiser for the U.S. Holocaust Museum in 1985. That led to Michael asking me to co-chair his finance committee in the 1988 campaign. After he lost, I supported Ron Brown when he ran for chairman of the Democratic National Committee, which caused him to appoint me to the Democratic National Committee as an at-large member. Then in 1990, after Bill Weld beat John Silber, I ran for chairman of the Democratic State Committee. I became president of American Israel Public Affairs Committee (AIPAC). Two years at the state committee put me on the national stage and I got to know the president very well. So, when he was looking for someone to run the Democratic National Committee, he picked me because he knew what I had done in Massachusetts and at AIPAC. So, there is a domino effect here, and it really started with my involvement with Jewish communal life and the young leadership program called Acharai, which means follow me.

KAROFSKY: Given your experience in your own business, what have you learned that would influence your thinking as governor?

GROSSMAN: Chief executives of businesses, chief executives of states, chief executives of anything need constantly to articulate a vision – the unique qualities of the organization that it can offer to its customers and the community. You must lay out in bold, energetic, imaginative terms a set of priorities and to be constantly driving that agenda forward so that everyone within the organization understands the priorities and feels a sense of urgency about his or her role in helping to achieve them.

KAROFSKY: This is what leadership is.

GROSSMAN: Right. Define an agenda. Drive that forward relentlessly. Constantly educate and train people about that agenda and the role they can play to realize their full potential. Create a culture in which people are collegial and collaborative. Build consensus. Don't drive people apart,

even when there are conflicts in the organization. Find common ground and build on that common ground. But at the end of the day, if everybody within the organization understands the vision, the goals, the objectives, the priorities, and feels committed to that set of priorities and feels that they have a role to play in the success of the enterprise, you can be preeminently successful doing that. Running the state as its chief executive officer means precisely the same thing: giving each citizen of the state a sense of the priorities, the role each can play in helping to achieve those goals or some sense of ownership. People need to feel, both at companies and as citizens, that they are shareholders or stakeholders in the success of the organization or institution. That is the way I have always tried to lead, whether in business, in philanthropic activities, or in politics.

KAROFSKY: How do you balance the time commitments to politics, business, and family?

GROSSMAN: It's a very challenging thing to do. I think anybody's life is really about how to balance family, career, and community. I have an extraordinarily supportive family – not only my father, but also my sisters, my mother, and my wife (who is about to become chairman of the Department of Theatre and Dance at Tufts University, so she has her own distinguished and complex career), and our kids.

KAROFSKY: What are some of the tradeoffs?

GROSSMAN: There is no question that our business would have been significantly larger and made some more aggressive strategic choices in terms of its expansion at a much earlier time in its history had I been there focusing more on those priorities. I have always been the person who drove the strategic process forward in the company, and when you are not there, the strategic process stalls. We were an envelope company for 70 years. Then about 15 years ago, we got into business forms and labels. That eventually brought us in the last 21/2 years into acquir-

ing several companies. We are now the preeminent engraver in Boston and we bought a six-color printing plant in Connecticut, so we are now MassEnvelopePlus. We provide the full range of printed communications materials that any organization could need from concept to completion.

KAROFSKY: There must be tradeoffs on a family level as well.

GROSSMAN: Look, there is no question about that. From the time in 1977 when I got involved with the Combined Jewish Philanthropies Young Leadership program, I have been to Israel more than 50 times. Virtually every one of those trips was related to a leadership role that I played within some organization. When I'm apart from my family, it creates inevitable pressure, tension, and stress. I am very fortunate in the sense that it has not had a long-term negative or deleterious effect on our family unit. That is clearly because Barbara and I have a relationship in which whenever one of us has aspired to do something special in our lives in the last 31 years, the other has been 110% supportive.

But after two years as chairman of the Democratic National Committee (DNC), I came home Thanksgiving weekend in 1998 and looked into my father's eyes and saw that his health had deteriorated. I realized that he needed his son back; he needed his partner back. The very same day our nine-year-old son, Josh, said, "Dad, I'm not going to play baseball this spring ... When you stopped coming to my games it took all the fun out of it." You hate to hear it, but it is reality. If you have to hear it more than once, then you're not listening. The following week I went to the president and said, "Mr. President, I need to step down [from the DNC]. I need to reinvest back in my business, in my relationship with my father, in my relationship with my family." The good news about running for governor of Massachusetts is that we are such a small state I can do an event virtually any place in Massachusetts and be done in time to get home and read to Josh

for 20 minutes most nights before he goes to bed. It's not a substitute for being at the dinner table every night. My family is making significant sacrifices for me, for my career, for my goals, for my dreams, my aspirations and I thank them. Yet, I don't thank them enough for what they have done to be supportive of me.

KAROFSKY: Tell us more about your son, David – his involvement in the company and his role and how he prepared.

GROSSMAN: I said, "David, you need to learn the business from the ground up. You don't have to go out and sweep the floor in the stockroom like I did when I was a 13 year old on vacations, but you need to learn the business, and the way you learn the business is to become a customer service representative. You need to get on the firing line and work eight, 10, 12 hours a day, because you will work with customers, colleagues, sales people, and suppliers, and you will learn the business by doing the business." So, David has now been in the business for four months as a customer service representative. He has already earned enormous respect from those with whom he's worked.

KAROFSKY: And the values that foster that?

GROSSMAN: As chairman of the Leadership Development Committee at the Combined Jewish Philanthropies, I brought together three of the great businesspeople in this community for a panel discussion about leadership, and we packed the Harvard Club. I asked them each to identify the qualities that one must have or demonstrate to be a great leader. One of them, Norman Leventhal from the Beacon Company, summed it up: time, talent, resources, and heart. And he said that the last is the most important. I believe the juxtaposition of those four is one of the challenges that anybody who aspires to be a leader faces.

KAROFSKY: If you are the next governor of the Commonwealth, how will your role in business change?

GROSSMAN: Others within the company have taken on the day-to-day management responsibilities in most cases. My role now is to be a strategic thinker, planner, and a nurturer of human capital. My role will change inevitably because as governor I probably will have little or no time to do that, but I will still find time even on week-ends, even during the downtime to get together with my colleagues periodically, because I do believe that it is the constant training, education, and development of people skills and their leadership qualities that differentiate great businesses.

We have put into place a series of strategic moves and decisions and implemented them over the last two or three years, positioning us magnificently to be a leader in a more technology-driven society, culture, and business environment. And others have willingly and joyfully taken up the day-to-day responsibility because they know that will have an impact on their compensation, responsibilities, and their own career development.

KAROFSKY: How do your sons and Barbara feel about the campaign?

GROSSMAN: I think they want to do everything they can to support me to realize my goals and my ambitions to become governor of Massachusetts and to run the best campaign I know how. On the other hand, it is difficult to see your spouse or your father taking large amounts of time away from the family to pursue a political career, particularly in a highly competitive political environment, when the outcome is by no means assured.

KAROFSKY: This is also very different because it's on a local level. Being chairman of the DNC, your name wasn't in the *Boston Globe* every day. You weren't on local television and radio every day. Here, you will actually be in a higher profile position locally, which means your family will be in a higher profile position. How does that play out?

GROSSMAN: Most of my friends in business

wouldn't consider a career or any kind of a foray into electoral politics because the political culture is seen to be so ugly and mean spirited. On the other hand, I do believe that there could be no greater honor than service to the community, particularly being the chief executive officer of the Commonwealth of Massachusetts and being ultimately responsible for more than six million people's lives and health care, education, workforce training development, housing – all of the key building blocks of a healthy and productive life ... So I put myself out there publicly, knowing that the political culture is unforgiving but also believing that there is a role for a successful businessperson and chief executive like myself to articulate a vision for the state in terms of what I have achieved in business. And to be able to do so uniquely in the Democratic Party.

In my lifetime, no businessperson or chief executive has ever been the nominee of the Democratic Party or been the Democratic governor. Republicans have repeatedly nominated businesspeople: Ray Shamie, Jim Rappaport, Mit Romney, John Volpe, and so on. My belief is that in 2002, people are going to want somebody who can be a common sense leader and who can use the experiences he has had in growing and developing a successful business ... And I can make the case to people that bold, imaginative, energetic leadership, common sense problem solving, sweating the details, and an ability to drive an agenda forward, with energy, passion, and credibility ... are qualities that will differentiate me from the competition.

KAROFSKY: What is your political philosophy, vis-à-vis business, especially family business?

GROSSMAN: Republicans are willing to create opportunities for wealth creation for a relatively small number of people, and our goal is to create opportunities for anybody who is willing to work hard and play by the rules to create opportunity for themselves. I think that economic well-being is the core of anything else we hope for, because if you don't have the resources, you don't create the wealth, the tax revenue, and the tax base. You

cannot invest in education, health care, workforce training development, housing, or any of the other priorities that will help create opportunity and progress in peoples' lives. And I see successful businesses, particularly smaller family-owned businesses, as the core of Massachusetts' strength. We are not a state with a lot of Fortune 500 or Fortune 1000 companies.

KAROFSKY: You seem to bring a fresh set of values and philosophy to the party. Do you support the elimination of the death tax specifically?

GROSSMAN: Well, I'm on record publicly as supporting slow gradual measured cuts in taxes across the board, unlike many of my colleagues in the Democratic Party who have never met a tax they didn't like. I am one of those people who believes that you shouldn't cut taxes until you know that you can pay for the tax cut. We have never lived beyond our means in our business; we have watched every dollar that comes in and out of our company for four generations, and the people's store should be managed the same way as you would manage a family business – watching every dollar. And I think to the extent that we are too aggressive in cutting taxes, it can come back to hurt us badly in terms of not having the resources to invest in other priorities. So, I am in favor of reducing taxes, including the death or estate tax, but I also would remind people that the estate tax applies only to a very small percentage of all Massachusetts and American businesses. Most people don't pay any estate taxes whatsoever. I'm not in favor of the Bush plan to eliminate estate taxes in a wholesale fashion because I think that the resources we would lose would impede our ability to make the appropriate investments in people's lives.

KAROFSKY: The manufacturing sector in Massachusetts is struggling to compete effectively. Are there programs or incentives that you will propose to help the manufacturing sector?

GROSSMAN: We don't invest anywhere near enough time, energy, and financial resources in

workforce training and retraining and development. The state has a huge role and responsibility not only through companies that are innovative but also through institutions like our community colleges to help businesses be competitive and go through the painful transition into a more technology-based economy. If you compare us to other states, we don't devote anywhere near enough resources to our higher education system, and that means partnerships between businesses and community colleges, like the program that was created by MassInc and the greater Boston Chamber of Commerce to give community colleges the incentive to go out and create specific partnerships with businesses in their local areas. All of those investments in workforce training and development are a critical ingredient of gubernatorial leadership.

I think we also need to take a look at highly targeted tax incentives that will make it more likely for struggling manufacturing companies, or even successful manufacturing companies, to be able to make the investments because the state tax code will support those goals rather than impede it.

I've always believed that the capital gains tax in Massachusetts should be zero to provide businesses the incentive to create jobs, sales, income taxes, and all kinds of other revenues, not to mention, uplift and enhance people's lives in the process. In most cases, family businesses have been held for more than six years ... to the extent that they are held six years or longer, when you sell that business, paying no capital gains taxes creates value, wealth, and opportunity in the family business sector.

KAROFSKY: Given all of your experience, especially as chairman of the DNC, what specific recommendations do you wish to offer family-held enterprises?

GROSSMAN: Even though there is enormous pressure to run the business, I think that the owners of family businesses should spend time in the community, helping to build strong and vibrant communities through various charitable

and business organizations. The more networking they do, the more business they will do. Many of the largest and most successful customers we have come as a direct outgrowth of my involvement in the community over the years, even though I may not have sought that as a principal goal.

I hope that more business leaders, CEOs of family businesses, will aspire to elective office. Because the more CEOs of family businesses, the more businesspeople who get involved in elective office – selectman, school committee, planning board, and all offices up and down the line – the more the political culture will understand how important it is to have healthy, vibrant, successful small- and family-owned businesses. And who better than CEOs of family businesses to be involved in crafting public policy, legislation, and executive orders that will nurture the very asset that each of us regards as so central to our lives, to our principals, to our values, to our priorities, and to our economic well being.

KAROFSKY: Looking at the longer range, into your crystal ball, what do you see for yourself and for MassEnvelopePlus?

GROSSMAN: I want people to see three things in me as a candidate for governor. That in his more than 25 years of leadership in business, community, philanthropic activities, and politics, Steve Grossman has been a person of integrity, who has constantly shown leadership skills and qualities and, more important, has achieved results whenever he's taken on a leadership role. And that there is no organization that Steve Grossman has led over the past 25 years that wasn't better off when he left it than when he got there. And I also want it to be said in 2003, when I have been elected and people are scratching their heads and saying how did this happen, that he ran the best grassroots campaign this state has seen in a generation. This campaign is going to be about empowering tens of thousands of people who have tuned out of politics entirely. I want college students, citizens, and businesspeople at every level to say this is a campaign that I feel empowers

me, that speaks to me in common sense, bold, energetic, imaginative terms. I see the governor's office in this state as being a laboratory for experimentation in innovation. And to the extent that that vision is relevant to the lives of people in this Commonwealth, I think I have a pretty good chance of becoming the next governor of the state.

Even though people would say how does a guy go from never being on a ballot to being governor, I'm the one candidate in this race who has run a business, made the tough decisions, pays his workers 30% more than the competition, and when asked why do you do that, says it's the best

investment we could make. The human capital is the core asset of any business, and you should engender loyalty, creativity, imagination, hard work, and flexibility in your colleagues. I think the values have remained constant in an environment in which there are fewer and fewer family-owned businesses and certainly very few fourth-generation family businesses. To the extent that consolidation has become a tidal wave phenomenon in American business, we want to be one of those companies that is advanced technologically, but whose family values and principles are evident every single day in every single client or customer relationship we have.

Paul I. Karofsky is the executive director of Northeastern University's Center for Family Business in Boston, MA. He is also the interview editor at Family Business Review.