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## How Rob Hale's Granite Telecommunications Turns Legacy Landlines Into a Growth Business

By Bruce Rogers  
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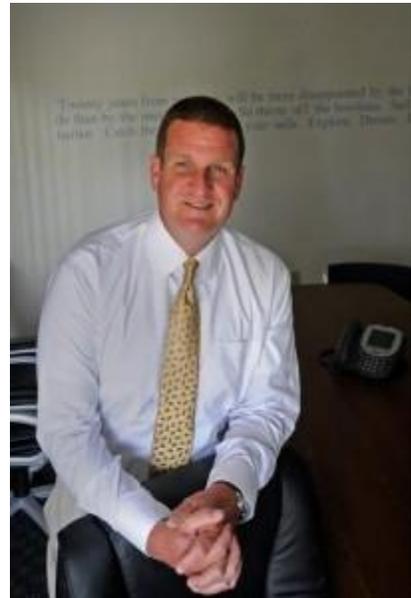
*A series of [Forbes Insights](#) profiles of Thought [Leaders](#) changing the business landscape: Rob Hale Jr., Founder and CEO, Granite Telecommunications...*

Conventional wisdom holds that the old copper wire, landline phone business is a dying market. Don't tell that to Robert Hale Jr. His Granite Telecommunications is a high-growth business. In the 11 years since Rob started Granite with his father, Robert T. (Bob) Hale, he has grown the business into an \$850 million revenue company focusing on a space neglected by the big telcos. What is equally impressive as Granite's march toward \$1 billion in annual sales, is Rob's approach to running the business. "We're a family oriented culture," says Rob. "We measure, track and reward our teams. We let every employee know that if we installed 42,000 lines by August 30, everyone would get the day off. And if we hit the \$850,000,000 annual revenue mark—everyone would get a check for \$850. I am happy to report that every one of our 1,100 employees just got a check and a day off," continues Rob.

Rob Hale Jr., Founder and CEO, Granite Telecommunications

Granite succeeds where the big telcos fail by focusing on customer service. While it is true the business world is heading inexorably towards wireless and mobile, it is also equally true that good old fashioned analog phone lines are still around and will be for some time. In fact, most businesses have thousands of landlines to manage either as legacy systems or as the backbone of services like alarm systems. "We innovate in an antiquated product and market segment called POTS (Plain Old Telephone System)," says Hale. Rob thanks the FCC and its convoluted telecommunications regulations for creating a market need that Granite provides.

It turns out that the old Bell systems never integrated the billing systems across all of the mergers that happened over the last 30 years. Companies with offices across state lines, get multiple bills from multiple systems. In fact, by regulation—businesses must have hundreds of bills from each legacy system, which becomes a logistics and financial nightmare for many companies to manage. "We consolidate the bills and the support," says Rob of Granite's business model.



According to Rob, the large carriers don't want to be in the business anymore. AT&T filed with the FCC to dismantle their public switch business. Verizon sold off their business. The big telcos focus on wireless and broadband. "The big telecom companies have a disincentive to be in this business," says Rob. In the regulated world of telecom—you can't have one single telco supplier. Granite steps in by consolidating the management of these services and also provides deep discounts as a result of its economies of scale. "We buy 1.3 million analog telephone lines or 5.5% of all lines in the U.S. —so we can pass along the discounts, which often comes to \$10 per phone line," says Hale.

Regulation aside, Rob says Granite's focus on customer service is what sets the company apart. "We have no term contracts. We keep our customers because it's all about service—and we are very good at it. You live and die by your reputation and we've earned a reputation for great customer service," says Rob. That's why the ten largest retailers are all Granite customers as are many of the country's largest businesses. "We support 350,000 locations, everything from malls, to stores and office buildings," says Rob.

The Quincy, Massachusetts-based Granite was started in 2002 with an \$800,000 investment from Rob's father, Bob Hale. "When we started the business, we thought we were going to be in the business of re-selling Verizon and AT&T, like a lot of businesses were doing at the time. We got a bit of business from the local Wal-Mart and then grew from there. First we consolidated and discounted lines at their Boston location, then continued to expand to regional locations and then the rest of the country. We then had a moment to decide where the business was headed—'would we continue to re-sell telecom services or are we going to be the 'middleware' for telecom services,'" says Rob. The company decided to perfect their 'middleware' service offering and found a business niche that few others were interested in competing. Rob's journey to building a fast-growing and financially stable business wasn't all a smooth ride. In fact, it was more like a roller-coaster.

"In my life, I've experienced epic failure and epic success," says Rob of his entrepreneurial journey and hard-won business lessons. When Rob was 22, he graduated from Connecticut College in 1990 with a degree in history and originally started working for P&G. Most of the time was spent visiting supermarkets and helping guys stock shelves and it wasn't the great learning experience he had hoped it would be. He then started working for MCI in sales. "They gave you a cubical and a head-set and said good luck. Within the first year and half I became the leading sales person in the country in terms of percent growth. I loved it. You basically were responsible for running your business on your own," says Rob. The experience gave him the confidence to strike out on his own. "I was raised in an entrepreneurial environment. My father was an entrepreneur and ran a successful import business. He was the original importer of Laura Ashley in the U.S.," says Rob of his entrepreneurial roots.

His father put up several hundred thousand dollars for Rob to start up his first business, called "Network Plus," a telecom service aggregator (re-seller). The business grew to \$150 million in just a few years. "That's when Goldman Sachs cold-called me and told me I could take the company public and become a billionaire. So we went public and the stock skyrocketed," Rob recalls of his heady and meteoric rise. "We were a CLEC (Competitive Local Exchange Carrier). Just at the moment, all of the market momentum went out of the business as

Wall Street determined CLECs were fast becoming dinosaurs. All of our ‘friends’ at Goldman disappeared,” Rob continues. The stock collapsed and the business was eventually sold at auction in March 2002. “It taught me that we belonged in the customer service business not the finance business,” says Rob. Again with his father’s help, he started up Granite just a few short months after the demise of Network Plus.

“The most important person in my life was my dad and his passing in 2008 was huge loss for me. Fortunately he was still here when we were growing Granite into the business it would become today,” says Rob. Rob’s father lost his battle to cancer five years ago. In his memory, Rob has led an annual fundraising effort for the world-renowned cancer research foundation the Dana Farber Cancer Institute of Boston. Over the last few years, the company has donated more than \$1 million to Dana Farber including \$450,000 this year alone. In addition to Dana Farber, Granite has also donated more than \$640,000 over the last five years to more than 200 local charities.

Rob sees a continuing growth story for Granite. Over the next five years, he expects the business to exceed the business from the last decade. “The traditional POTS business will continue to grow through a combination of our unique skills and services and the big telcos neglect of the market. Now that customers trust us, we can earn additional business by applying our model to other market segments,” says Rob. While the company is growing rapidly, he has no plans to seek outside capital to re-enter the public markets. “I’ve been on both sides of a public and private business. You can better focus on the things that count –like happy customers and a happy workforce—when you are a private company,” says Rob. “We now do our own R&D and are expanding our offerings in data lines, cabling and alarm monitoring. Because we are not public and consistently growing the business, we don’t have to worry about the short-term financial repercussion and can focus on doing the right thing for our customers and employees.

“The telephone was here for over 100 years and it will be here for at least another 20 years,” concludes Rob. And Granite and its customers look to be the beneficiaries of that overlooked trend.

*Bruce H. Rogers is the co-author of the recently published book **Profitable Brilliance: How Professional Service Firms Become Thought Leaders** now available on Amazon <http://amzn.to/OETmMz>*