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My grandfather taught me that the greatest resource of our family business is the men and women who walk through the door each day. That's not a 2001 concept that most CEOs will spend a lot of time thinking about. But you can do it in a small business, when you own the whole business and you aren't driven by quarterly earnings comparisons, and you are driven by a commitment to people.

—Steve Grossman

Somerville, Massachusetts—Steve Grossman, CEO of MassEnvelopePlus and 1969 Harvard Business School Baker Scholar, sat at what was once his father's roll-top desk and stared at the window between their offices through which they used to communicate. Long active in public service—contributions he had balanced with his company responsibilities—he was now planning his first run for political office, and wondered what that might mean for the future of MassEnvelopePlus. The fourth generation, family-owned printing company prided itself on providing superior customer service while running a clean union shop with wages 30% higher than anyone else in the business. But the industry was changing, and he was being urged to invest in dramatically new technology. Did the director of print operations have a point when he mentioned last week that it “was time to unravel the 90 year-old umbilical cord” and make some radical changes? And what about leadership in this new era?

MassEnvelopePlus and the Commercial Printing Industry

MassEnvelopePlus, founded in 1910 by Maxwell Grossman, was a company rooted in family tradition and driven by the goal of providing “an unparalleled package of consultative services.” Steve Grossman, following in his forefathers' footsteps, presided over the \$28 million, 125-employee printing company, originally named MassEnvelope. Recently, a fourth generation of Grossmans had joined the company as it transitioned into a full-service commercial printing company, targeting mid-sized customers with print budgets ranging from \$10,000 to \$100,000 annually. The company was a small business in an industry experiencing rapid change largely due to technological advances and consolidation. (See **Exhibit 1**.)

Commercial printing had come a long way since its inception in the Far East during the 11th century when printers used wood and ink to create an impression. By 2001, the commercial printing industry had grown to approximately 32,000 U.S. companies with annual sales nearing \$90 billion. In addition, commercial printing had become the fourth largest manufacturing employer in the United States and the largest of the 17 segments of the printing industry, as defined by the U.S. Department of Commerce. Annual revenues for private companies ranged from \$1 million to \$300 million; public

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companies, such as Consolidated Graphics and Mail-Well, brought in anywhere from \$50 million to \$2 billion.¹

However, because commercial printing served every sector of the economy, the industry was particularly recession-sensitive.² For example, the economic downturn of 2000-2001 negatively affected the bottom line of many of the large corporations (e.g., Nationwide Graphics, Kelmscott Communications, Consolidated Graphics, and Mail-Well) who had partaken in M&A binges during the “boom period” of the late 90s. These conglomerates had swallowed up local MassEnvelopePlus competitors such as Acme Printing, Northeastern Envelope, and United Lithograph. Some of those plants were in danger of closing down as the large corporations created regional printing centers in a scramble to cut costs in the economic downturn. Other competitors such as Curtis 1000³ had followed a similar path and were still floundering from diminishing customer service as plants were consolidated. In addition, they hadn’t been able to execute well after a move into a new wave of print-on-demand technology in the early 90s.

Technological advances not only affected Curtis 1000, but the industry at large. What originated as a handcraft had become an industry run by electronics, most notably the computer (introduced to printing in the late 1960s). Presses became faster and more efficient, with nearly all hand and machine composition (hot type) replaced by photo and computer typesetting (cold type). Electronic imaging systems were slowly replacing photography; color scanners were replacing the camera. By 2001, 95 percent of all color separations and corrections were made electronically and digital data was replacing negatives used in offset printing to create a plate directly from the computer. The workforce was also affected by technological progress, as computers began to make some positions redundant (such as with the 8-unit offset press, which was predicted in 2001 to require only three people instead of four or more).⁴

A handful of competing Boston-area printing companies ran high-tech operations. Spire Printing, a \$22 million, 130-employee company in downtown Boston, employed several digital presses, (in addition to traditional presses) including the very latest on-demand digital equipment linked to the Internet for online design and ordering.⁵ Spire had also grown through acquisitions, purchasing one of its clients to obtain its waterfront printing plant. With plans to move into a new, 78,000 sq. ft. plant in Dorchester, MA, Spire was representative of the high-tech competitors MassEnvelopePlus needed to watch.

Additionally, consolidation in the banking industry into regional and national institutions impacted MassEnvelopePlus. Scores of small banks in the Boston area had provided a steady demand for statement, ATM, and other types of envelopes. But, as the banks grew and consolidated, they ordered larger quantities and went for the rock-bottom bids only national printers were able to offer. In 1987, the stock market crash led a major client, Fidelity, to take their business elsewhere due to increased price sensitivity. With the painful memory of the loss of one client accounting for almost 20% of total revenues, MassEnvelopePlus preferred not to have any one account represent more than 10% of revenues.

¹ Compass Capital Partners, “Far from Dead.” *Printing Impressions*, December 1, 2000

² http://www.napl.org/newsroom/industry_info.htm

³ Curtis 1000 is a subsidiary of Mail-Well, Inc.

⁴ <http://www.ipcommercialprinting.com/industry/printinghistory.asp>

⁵ Brett Rutherford, “Boston’s Spire Printing Soars to Success With First U.S. Installation of NexPress,” *Printing News*, July 30, 2001.

MassEnvelopePlus had long focused on envelope printing, warehousing, inventory management, and print brokering. However, as burgeoning technology (e.g., computerized filing, laser printers, and e-mail) threatened envelope sales, the company diversified its product lines to include business forms, cards, labels, and brochures. Between 1998 and 2000, MassEnvelopePlus acquired four companies to offer an even wider breadth of services and products from “concept to completion” (e.g., engraving, foil stamping, embossing, four and six color printing, and graphic design), thus formally breaking into commercial printing. The diversification led to a company-wide name change from simply MassEnvelope to MassEnvelopePlus and GBEPlus, the company’s Connecticut subsidiary.

The acquisition of Finch Engraving gave MassEnvelopePlus the opportunity to expand into in-house commercial printing, rather than outsourcing the work. Finch was a small, 27-person company with \$2.5 million in annual revenues, formerly based on the downtown Boston waterfront. It was described as colorful, eclectic, and wacky—very different from the tightly managed atmosphere in nearby Somerville. Despite efforts to create a comfortable workplace for the new employees, the disparity in company cultures remained. For example, the envelope shop and the “Finch shop” (which was the larger of the two) were separated by a wall with an opening “large enough to drive a forklift through.” Some thought the wall should be torn down.

Two other acquisitions, of a small engraver, Hub Engraving, and printer, ConnTrade, highlighted the company’s need for cross-training. One of Hub’s engravers who joined MassEnvelopePlus had to take medical leave, but no one else was capable of operating the machinery. ConnTrade—bought primarily for its two six-color presses—was folded into GBEPlus. While the acquisition was intended to push the company technologically forward, the lack of employees at GBEPlus trained to readily understand and run the new presses meant that the technology and know-how did not complement the resulting new business.

Throughout those periods of technological change, consolidation, and diversification, MassEnvelopePlus continued its legacy of being family-oriented and customer-focused. During his tenure as CEO, Steve Grossman had grown the company eight-fold while preserving solid employee relations. The company competed on service, quality, and professionalism—not price, and believed maintaining excellent customer relations was critical to the family business. Grossman continually urged his staff to “go to any length” and “move at warp speed” to keep their customers happy and remain competitive. He explained:

In the midst of all this impersonal growth and consolidation, we are keeping our eyes focused on the process of relationship building ... It’s about a culture that is always relentlessly customer-focused. We are a customer, marketing, and sales-oriented company ... The customer is king.

Employees: Running a Union Shop

MassEnvelopePlus had been a union shop since 1952 and employees had worked there an average of 22 years. When Steve Grossman’s uncle, Jerome Grossman, was in charge, he sought out the union because “we get better quality, craftsmanship, dependability, flexibility, loyalty. And you cannot put a price tag on those qualities in your colleagues.” The union provided clear-cut rules guiding relationships among the shop employees and management, and it gave MassEnvelopePlus the opportunity to get business that required the union label—e.g., insurance companies already working with unions. Grossman felt confident that being a union shop was a sound business choice.

MassEnvelopePlus's contract was with the Graphic Arts Union, Local 67. The local president, Eli Davis, worked for MassEnvelopePlus as a pressman. The contract was drawn up every three years to determine wages and benefits. If a grievance was filed by one of the employees, the shop steward (an acting witness and shop representative) and the general manager attempted to resolve the matter before it escalated. No grievance in the history of MassEnvelopePlus had ever reached the point of arbitration or strike. Even grievances were a rare occurrence, averaging one a year. This was a stellar record. Moreover, MassEnvelopePlus paid high wages—about 30% over prevailing industry averages. (See **Exhibits 2 and 3.**)

The bidding process Standard union procedures followed at MassEnvelopePlus included the bidding process for different jobs in the plant. Each job running a particular piece of machinery had a set hourly pay rate and employees knew what they would make at a given job according to the predefined contract. An open job would be posted for 48 hours, giving employees the opportunity to bid for it. The bids, submitted verbally or in writing, were assessed by the foreman and the general manager and jobs were awarded on the basis of seniority, fitness, and ability. Given the low employee turnover rate in the shop, jobs were not frequently up for bid. In the days before cross-training, the company occasionally sent someone out for training if a job was coming open. But more often the experience came in the form of having helped out on the machine, worked near it, or watched the setup. The employee who won the bid was given a 30-day trial period in which to pick up the additional know-how to run the machine.

A union contract could sometimes limit managerial flexibility. Mike Flynn, vice president and general manager, had assisted in negotiations with the union since 1978 and explained some of the tradeoffs:

If we wanted to hire temporary help at night to pick up some slack (which is common practice in the printing industry) the union will not allow this. This does not allow the flexibility other printers have. In the event of a slow down, if you lay off a more senior person, that person can "bump" a more junior person. However, the senior person must be "fit and able" to do the specific job. The senior person must also accept the lower rate. As a result, seniority protects the people that have been here a long time, but can hurt a more junior person who may be a very skilled employee.

Integrating Finch At the time of the acquisition, Finch was not unionized. Some employees had unrealistic expectations about life in a union shop. According to Eli Davis, the local union president, "They believed the union should be flexing its muscles for every reason, and they tried to take advantage of it—like not calling into work, not giving 100 percent, thinking they should be paid more." MassEnvelopePlus increased wages and vacation time, and decreased hours as a result of negotiations with Finch and the union, but Finch employees lost their dental benefits. Finch employees were offered the option to join the union or pay an administrative fee to not join. All of the Finch employees joined and were given full seniority credit for the years they had worked at Finch. An employee described the improvements in working conditions:

The positive thing is that the building is air-conditioned. We worked in a place that had no air conditioning for years and it was absolutely horrendous. You would have paper curl and terrible drying times, because it would get so hot. But this place keeps the climate control pretty good, so we don't really have those sorts of problems....

Operations: Preparing for Change

MassEnvelopePlus's printing, shipping, warehousing, and operations were run by Mike Flynn (vice president and general manager), John Rogers (director of print operations), and Mike Dubie (vice president and sales service manager). A sales force sold jobs, customer service representatives managed the jobs, estimators provided bids, a production manager scheduled the work, and press operators handled the print runs. The company was investing in new technology, which was aimed at streamlining and speeding up this process.

As MassEnvelopePlus began updating its capabilities to offer more services, Grossman and his management team had to evaluate which technologies to invest in and when to wait for the next innovation cycle to hit. New systems could eradicate the need for print negatives used to make a plate, but that equipment might not be necessary at all. As Steve Grossman pointed out, "One press goes back to the 1890s and it still produces engraved stationery, for which the margins are often huge. I don't really care whether the machine was built in 1896 or 2001 if it satisfies the customer's needs."

MassEnvelopePlus was rethinking the press room because customers were demanding greater speed, and new technology offered it. One wave of press technology made it possible to send the print image directly from the computer to a printing plate, then load the plate on the press and run the job. Another technology was being developed that allowed the image to go directly to the press. But the commercial presses at MassEnvelopePlus, the big, two-color Heidelberg Sormz and the four-color GTO, were based on older technology. Setup for one of the larger six-color presses at the company entailed many cumbersome steps; for example, putting the printing plates on each roller, tightening, and manually adjusting them for each job.

Mike Dubie, vice president, sales service manager, and a seven-year veteran of MassEnvelopePlus with 24 years of printing experience, explained:

Customers want everything yesterday. Two years ago it took an hour and a half to set up a four-color commercial printing press. Now it's down to about thirteen minutes with new commercial printing press technology and it runs at two-and-a-half times the speed of old equipment. ... It's put us behind the eight ball because what we are quoting out at \$1300 someone else can quote out at \$859. It's becoming an issue, and it's going to get worse.

The highly skilled pressmen, who knew their craft inside out, welcomed new technology. In fact, there was more anxiety about producing poor work because of the limits of old machinery than there was about learning how to use new technology. One pressman commented, "Well, some of the equipment here is kind of old and needs to be updated. The machine I'm running, they bought it used six or seven years ago. I would say it's 25 years old anyway. It can't do the quality of work you see on the wall like this; we could not handle that here. If we had an updated press you'd have no problem, you could handle stuff like that."

A second reason for considering new technology was to eliminate the pre-press bottlenecks. Pre-press was the area where customers' designs were turned into plates for the press. The pre-press people could not do their jobs fast enough to keep production moving smoothly. When Finch's lone pre-press employee moved into the MassEnvelopePlus pre-press room, management expected that they would be able to get much more productivity out of the department. What they got instead was a worse backup.

Dubie knew that buying a new operating system for the pre-press room could cut up to 60% off the time it took to prepare plates for the presses and save hiring additional people to speed

production. (See **Exhibit 4.**) The more than \$100,000 investment would pay for itself quickly, eliminate bottlenecks, and make work easier for the people in the pre-press area. Initially the experienced pre-press employees were concerned about job losses. Flynn said, "This new pre-press equipment will greatly affect their jobs ... There's enough for them to do, but well, they won't be as busy as they used to be, no." Flynn pointed out that there were other responsibilities such as scheduling, and special pre-press jobs like proofing and proof reading that would always require more work.

Empowerment and cross-training in the pressroom Empowerment and training in the pressroom became an issue at the same time John Rogers joined the company as director of print operations in the summer of 2001. Rogers was a veteran of Mass Medical Society and the reputable New England Journal of Medicine, where he had been given the task of "bringing them into the 21st century." He called himself a "blue collar manager," having begun his career running a press at age 15. Rogers' definition of the task before him included more than just installing new technology. Empowerment was his theme—giving people the freedom and the skills to excel at their job. Rogers' predecessor had a rigid philosophy, keeping the people he oversaw trained only for whatever equipment they were running—and sometimes not even completely trained for that. Only one person in the 40-employee shop was trained to run all the machinery, and he was a second shift employee who had to know everything to compensate for the fewer number of employees on the evening shift.

For the first time, shop employees were allowed to use the phone for personal calls during the day. And Rogers had recently asked Steve Grossman to allow him to remove the shop's time clock, arguing that the floormen should no more have their pay docked for being two minutes late than someone in the office. "I think if I announced that, it would open up the flood gates of trust," commented Rogers. Furthermore, Rogers began cross-training sessions. One afternoon he brought in an engineer from New Jersey. "We closed down for the afternoon. He was here until 7:00 at night. And what impressed me was—I left about 4:15—only two people left, because they had family commitments. The rest stayed to learn. They were that hungry." The union backed the cross-training plan, but it was strictly voluntary. One union employee talked about how his initial fear of commercial printing gave way to an appreciation for new opportunities:

Everybody is afraid of change ... I felt like, because of the new technology taking a lot of our work away, we were slowly being phased out, but that isn't the case ... They are willing to cross-train me; if I don't have any work over there, I can come across here and do something over here. I definitely think I will probably be employed here until the day I die if I want to.

New processes and systems in sales and customer service The sales force consisted of about nine salespeople and 11 customer service representatives, reporting to various people on the management team as needed per job. The company's sales manager had recently transferred to New York, but had not been replaced and there was no immediate plan to do so. Sales and marketing were crucial to MassEnvelopePlus's livelihood. The company was founded on the notion of relationship building and first-class customer service was a top priority. To speed service, the company was seeking change in the customer interface, which involved up to eight people touching a job before it was in production. The handwritten estimating process sometimes took two days and was prone to simple but critical errors, such as numbers being recopied incorrectly or misread. The new office software would modernize and radically simplify the order entry system, allow better analyses of job estimate accuracy (both time and dollars), and reduce the potential for error. Additionally, it would generate proof letters, packing slips, and labels for the boxes of finished products via one electronic system. CFO Doug Smith also hoped it would illuminate the operating costs for some of the newer print operations:

We still have the rates but I don't know if the rates are right, I don't know if the running times are right, I don't know if the setup times are right. On an envelope, because you're setting up a simple one and two color job, you don't have the difficulty factor that you do with the commercial print side. (See **Exhibit 5**.)

Inevitably new technology meant additional training for the sales force. Grossman was adamant that his people be the best trained in the business. "The biggest challenge it seems to me, that everybody faces," he commented, "is will we have enough well-trained, well-educated people to be able to compete in this unforgiving kind of business environment? I believe we will, and I think we've not had a better, more educated team in many years than we've got now." Training was both formal (e.g., an offsite "forms school" run by the National Business Forms Association) and informal (personalized ongoing coaching they dubbed "Dubie School" after "head coach" Mike Dubie, the service VP). Grossman also brought Printing Industries of New England (PINE) into the office for a weekly seminar over a couple of months and sometimes the sales team went there for offsite training.

The most important issue to resolve was the interface between the sales team and the pressroom. Occasionally, in their haste to please a customer, sales people would try to rush a complicated job, forgetting that commercial printing required more intensive labor and processing time than envelopes. Each individual who tried to reorder the schedule to suit their client caused greater confusion and frustration on the floor, ultimately leading to lower quality work and worse delays.

The situation was equally frustrating for the sales people. The difficulty in producing consistently high quality work, particularly with jobs run at their Connecticut subsidiary, GBEPPlus, had led to some strained relationships with customers. Like MassEnvelopePlus, GBEPPlus had been primarily an envelope printer until the acquisition of ConnTrade. After a few botched jobs, sales people became uncomfortable sourcing jobs with GBEPPlus, preferring to go to outside sources. In turn, GBEPPlus's sales fell off, and that got CFO Smith's attention. Smith recognized, "If you're an outside sales person and you're working your butt off out there trying to bring in the clients for the commercial print business, and then we bring it in-house and we screw up the job ... Credibility is everything with a customer."

Leadership

The MassEnvelopePlus top management team included Steve Grossman as CEO; Mike Dubie, vice president and sales service manager; Mike Flynn, vice president and general manager; Amy Grossman, vice president and director of marketing; Mary Ellen Grossman, treasurer; Maureen Kelly, vice president; Doug Smith, CFO; and Henry Ward, vice president and envelope sales.

Steve Grossman succeeded his father, Edgar, as CEO. When Edgar Grossman ran MassEnvelopePlus, alongside either his brother or son, he was very involved in his employees' personal as well as professional lives. He dined regularly with the operations general manager, Mike Flynn, often getting to the end of the day and asking, "Did we do all three meals together again?" He watched the shop employees play stickball behind the building during breaks and sometimes even participated. He shared rides. His management style engendered a deep sense of loyalty among his employees. One pressman, who had been with the company 34 years recollected:

Edgar ran a nice clean business here ... and he let you know how you should conduct yourself under this roof. He used to say, 'This is my home. This is my house.' And, if there was a piece of paper near my press, he would pick it up. If he didn't pick it up, he would ask me to.... He used to get us all a little pissed off. But, you know what? He is gone now and I'm picking up paper. Whenever I clean I think about him. It worked. Anyway, I miss him.

Steve Grossman was considered more “relaxed” and “open-minded” than his father. Grossman had a keen interest in public service, as civic duty was deeply imbedded into his family’s core principles. His grandfather and founder of the company, Maxwell Grossman, had retired to a life of public service roles, as had his uncle, Jerome. Even Grossman’s sisters, Amy and Mary Ellen Grossman, were involved with non-profit organizations before Grossman persuaded them to join the family business. In the late 1980s, Grossman began spending about fifty percent of his time away from the business to focus on a string of public service activities. The most prominent was his term as National Chairman of the Democratic National Committee (DNC) under President Clinton, but he also served as chairman of the Brandeis University board of trustees and had other important leadership roles. (See **Exhibit 6**.)

Still, Grossman was viewed as widely available to his employees. Flynn recalled Grossman’s tenure as chairman of the DNC, when he spent most of each work week in Washington, D.C., “There wasn’t a time I couldn’t reach him. Maybe if he was behind closed doors in a high-level meeting at the White House, that would have been the only time. If he was in a regular meeting, he would take the phone if I said I needed him.” It was known throughout the company that he maintained an open-door policy during his office hours, which was appreciated by many. As one said, “...if you are not happy with the people that are running this business and you think they are doing something wrong to you or you think something isn’t right, [you] can walk in that office any time. He has an open door policy and he will listen to you ... A lot of companies won’t do that.”

In 2000, Grossman launched a campaign for Governor of Massachusetts. While balancing his time between the business and his political campaign, Grossman was committed to empowering his management team to lead during his absence. A self-described optimist, he felt confident that his management team had the qualities necessary to continually serve the company’s customers and provide high quality work. He commented that they would rise to the challenge:

All of a sudden, I am not here and [the management team] gets a chance to lead—show that they can step out onto that bully pulpit called leadership and run a company and take it to a new level. Because I am not going to be there for them to check with all the time, they can make their own decisions, their own mistakes, and that is an empowering experience for a small management team.

Grossman hired a management consultant with a specialty in corporate leadership development to “[help] the management team coalesce around a set of shared values, principles, and priorities.” The coach worked with team members one-on-one and occasionally sat in on management meetings. Just as it was done in Edgar Grossman’s day, the team also frequently had quick “stand up” meetings in order to be as efficient as possible while discussing an issue. Flynn explained:

We bounce ideas off each other ... Edgar’s philosophy was don’t get comfortable; don’t sit down, unless it’s something that really takes time. But we used to stand up around his roll top desk and make more decisions than most people—people spend days doing these things and we’d have them done in an hour.

Despite Steve Grossman’s efforts to create shared leadership, some on the management team had identified, as one said, a “leadership vacuum.” One member of the team temporarily withdrew from the management meetings altogether, because, “I didn’t want to be involved in the leadership tug of war.”

View from the floor The pressmen also required a leader to manage the production floor. More recently too many people were giving instructions, which created some angst. As one said, “...we answer to five, six, seven or eight people. Not to say there are too many chiefs, but hopefully

when they hired this new guy, Rogers, he's supposed to eliminate all that." Rogers had begun a campaign for change, but the shop employees didn't yet regard him as an authoritative figure. One pressman described Rogers as, "Easy-going, how are you doing? Never puts an ounce of pressure on you. It's great." As opposed to the former floor manager who was described as "strict, strict, strict." Rogers felt the workers deserved to feel personally empowered; that included making their own decisions on jobs as well as knowing the company's vision for the future. There were concerns that family control meant that some people were left out of the information loop and were expected to simply follow orders.

The fourth generation One person who was eager to take on a leadership role was Steve Grossman's 24 year-old son, David Grossman. He had been with the company since October of 2000 as a customer service representative. He wanted to join the management team, but his father told him "it's not time, yet."

David Grossman sought to earn the respect of his colleagues by learning the business from the ground up. "I knew that I had to come in here and work harder than anybody else, earn people's respect, in order to have them recognize me as the next leader of this company," he said. Early in his career, he began working on mending a rift that sharply divided the floor from the office staff:

There's a huge us-and-them mentality both from the people in the office and the people on the production floor ... Since I've gotten here, I've tried to bridge that as best I can ... They feel like, 'Steve definitely cares about us. He makes sure that our salaries are better than any other printers around, but he doesn't come out to visit anywhere near as often as Edgar used to do.' I try to go back a few times a week and spend a little time with each pressman.

Readily conceding that he was not yet ready to take the helm, David Grossman spoke about the company's need for a hands-on leader:

What we need here—and what I've known from day one—is somebody who can completely dedicate himself to the business; to take this company into the 21st century. Someone that can take a place that still has a thing called 'the tub' that holds job tickets and make it automated and get modern production software so people can do everything on the computer. So, I know that we need a breath of fresh air.

My father's a brilliant man ... He's a brilliant businessman. But, he fundamentally doesn't have the time to be able to devote to the business right now. And the kind of leadership by committee ... it's just not conducive to real success and to true growth.

Family Business-As-Usual?

By 2001, Steve Grossman had grown the company to \$28 million in sales from less than \$4 million when he took the helm in 1975. His vision for the company had not changed: To keep the business customer focused and family oriented. Employees' siblings, cousins, in-laws, and best friends were interwoven throughout the company. One pressman, who was with the company for 34 years, had worked alongside his four brothers, two sons, and father during various stages of his career with the company. Amy Grossman described the company as a family business in every respect, "We have three generations of union workers out back ... It just goes on and on ... We have a statement in Hebrew called 'l'dor v'dor', which means 'from generation to generation,' and this company is truly that."

Some on the management team argued strongly that “envelope” should be taken out of the name completely when the commercial printing capabilities were added. It gave the company a dated image, and it in no way reflected the full line of printing capabilities they wanted to emphasize and build. But family leaders felt differently, as Amy Grossman explained: “The fact that we didn’t ever take out the word ‘envelope’ when we changed the name, you might say—the public might say—that worked to our disadvantage. But my brother and I needed to keep it in out of respect for my father.”

Steve Grossman pondered the challenges ahead: his political campaign, technological changes, and a tough business climate. He had a track record of success, and he wanted to maintain it, but would sustaining an excellent family business require confronting some change issues? There were some immediate questions to consider: How could the company continue the family tradition of loyalty and generosity to employees amid technological changes and an increasingly competitive environment? How should they address continual training issues? How much should he allow the workplace to change with Rogers in charge of the shop? How should the management team operate while he was spending over a year campaigning for political office? And then there were the larger issues of strategy and change that he might want to add to his agenda.

Exhibit 1 MassEnvelopePlus Family Timeline

- 1910 Maxwell Grossman founded company, called Massachusetts Envelope Company.
Worked on the campaign to re-elect Honey Fitzgerald as mayor of Boston.
- 1936 Edgar Grossman (Maxwell's son) joins the business upon graduating from high school.
- 1938 Jerome Grossman (Maxwell's son) joins the business upon graduating from Harvard University.
- 1945-48 Maxwell Grossman retires, becoming the penal commissioner of Boston, the future commissioner of correction of the Commonwealth and the vice chairman of the Massachusetts delegation to the Democratic National Convention. His two sons run the company.
- 1975 Jerome Grossman retires to dedicate himself to public service, journalism, and teaching. Steve Grossman, Edgar's son, buys out his uncle's shares and becomes his father's partner and president of MassEnvelope.
- 1977 Steve Grossman begins to pursue public service work. (See **Exhibit 6**.)
- 1978 Mary Ellen Grossman, Steve Grossman's sister, joins the business as chief estimator following a career as a guidance counselor.
- 1986-97 Amy Grossman, Steve Grossman's other sister, joins MassEnvelope as a sales representative following a four-year career working for Tel Aviv University in New York. In 1997, she is promoted to vice president and director of marketing.
- 1999 Mary Ellen Grossman is promoted to treasurer following Edgar Grossman's death in September 1999.
- 2000 David Grossman, Steve Grossman's son, joins the company as a customer service representative.

Source: MassEnvelopePlus.

Exhibit 2 Unionized Workers Wages—30% Above Industry Averages

CLASSIFICATION	SALARIES PER HOUR AS OF 10/00*			
	MassEnv.	Corp. A	Corp. B	Corp. C
2 COLOR QUICKMASTER	\$ 16.75	\$ 12.90	\$ 11.90	\$ 14.20
2 COLOR SORMZ	\$ 21.16	\$ 19.90	\$ 14.70	\$ 20.70
4 COLOR GTO	\$ 23.66	\$ 17.20	\$ 16.50	\$ 23.80
CUTTER	\$ 16.94	\$ 12.20	\$ 14.40	\$ 15.00
ENGRAVING PRESSMAN-HAND	\$ 16.83	\$ 12.50	\$ 13.90	\$ 15.75
ENGRAVING PRESSMAN-AUTOMATIC	\$ 19.38	\$ 13.20	\$ 13.80	\$ 19.10
INSPECTION	\$ 11.06	\$ 10.70	\$ 7.90	\$ 8.50
LETTER PRESS	\$ 14.60	\$ 12.40	\$ 10.60	\$ 14.30
SHIPPING/TRUCK DRIVER	\$ 15.15	\$ 14.00	\$ 13.90	\$ 16.50
PLATE MAKER, STRIPPER, TYPESETTER	\$ 18.08	\$ 19.75	\$ 17.90	\$ 18.80
KLUGE, EMBOSsing	\$ 16.73	\$ 13.90	\$ 13.10	\$ 14.70
HEAD SHIPPER	\$ 21.74	\$ 14.00	\$ 15.60	\$ 17.10
JET OFFSET 1 COLOR PRESSPERSON 3"	\$ 21.10	\$ 13.29	\$ 14.17	\$ 19.25
JET OFFSET 1 COLOR PERFECTOR PRESSPERSON 3"	\$ 20.05	\$ 14.00	\$ 15.63	\$ 20.10
JET OFFSET 2 COLOR PRESSPERSON 3"	\$ 22.10	\$ 16.52	\$ 15.46	\$ 16.22
JET OFFSET 2 COLOR PRESSPERSON 3" WITH BOTTOM FEED	\$ 22.10	\$ 16.74	\$ 15.63	\$ 16.97
JET OFFSET 2 COLOR PERFECTOR PRESSPERSON 3"	\$ 22.10	\$ 17.09	\$ 16.23	\$ 17.27
JET OFFSET 2 COLOR PERFECTOR PRESSPERSON 3" WITH BOTTOM FEED	\$ 22.10	\$ 17.09	\$ 16.23	\$ 17.27
JET OFFSET 2 COLOR PERFECTOR PRESSPERSON 6" WITH BOTTOM FEED	\$ 22.70	\$ 18.50	\$ 16.75	\$ 20.27
LEAD PERSON, OFFSET DEPARTMENT	\$ 24.93	\$ 20.00	\$ 19.90	\$ 18.70

*Salary figures have been disguised.

Source: MassEnvelopePlus.

Exhibit 3 Graphic Arts Union

Name: Graphic Arts Union, Local 67. An Affiliate of Graphic Communications International Union

Size: 460 members

Location: Quincy, MA

Contract Renewal: Every three years

Graphic Communications International Union

The GCIU is the largest union representing printing and publishing workers in North America. From its headquarters in Washington and its Canadian Office in Toronto, the GCIU represents 150,000 active and retired members.

For more than a century, the GCIU's mission has been to serve and protect the rights, living standards and working conditions of its members. GCIU families take pride in their union's pioneering achievements in wages, benefits, and training and in their role in producing top quality newspapers, magazines, commercial printing,, packaging, and specialty and other products.

GCIU Structure

The GCIU is a democratic union. Members elect International leaders by mail ballot every four years. The GCIU's 334 local unions, which are chartered by the International, are ultimately responsible for the organization at all levels. Local union members elect their local officers and decide their own by-laws.

Delegates to International conventions, which are also held every four years, are selected by local unions. Convention delegates decide the International's constitution. These amendments may be subject to a referendum by all members when a supermajority of local unions call for a membership vote. GCIU local union officers and members also have the opportunity to participate in craft and regional conferences.

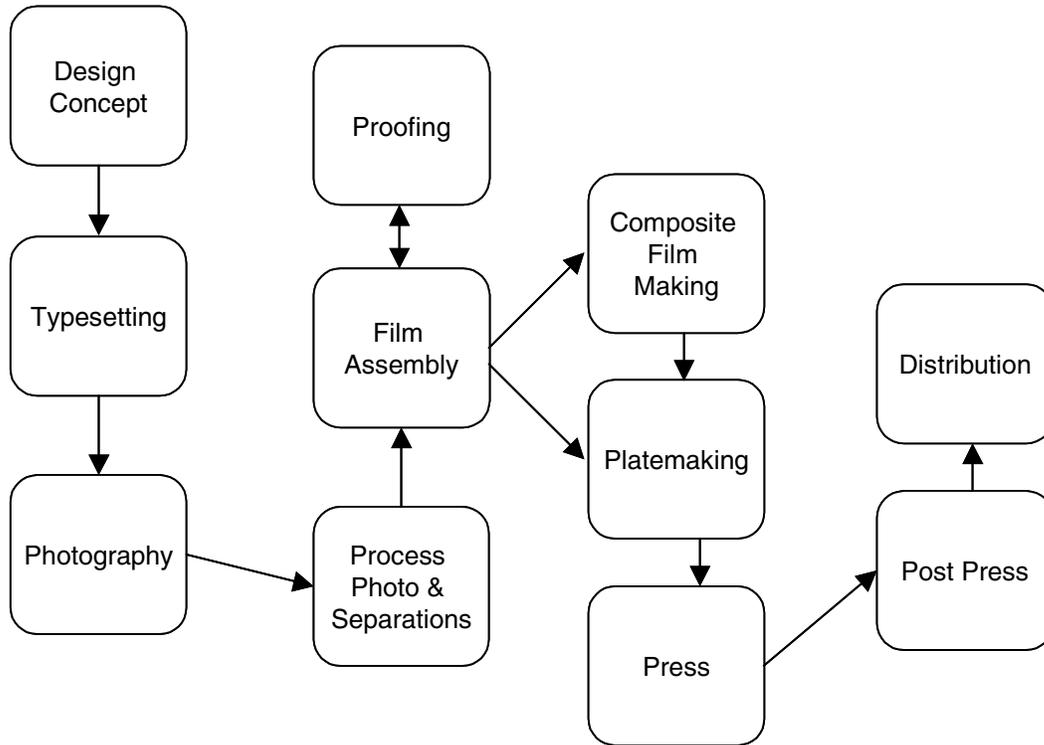
The GCIU is a not-for-profit organization. It is funded by member dues, initiation fees, and charter fees under principles established by the members. International funds return to the local unions and members in the form of services for collective bargaining, organizing, safety and health, research, education, the GraphicCommunicator and a broad array of other assistance that helps GCIU members, retirees, and families in the United States and Canada.

Between conventions, the International union is governed by the General Board. By constitutional mandate, General Board members include the International president, International secretary-treasurer, six International vice presidents -- "one of whom must be a Canadian . . . and one of whom must be an American" -- and 13 General Board members elected from six regions in the United States and Canada.

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Washington, D.C. 20036
Phone: (202) 462-1400. Fax: (202) 721-0600

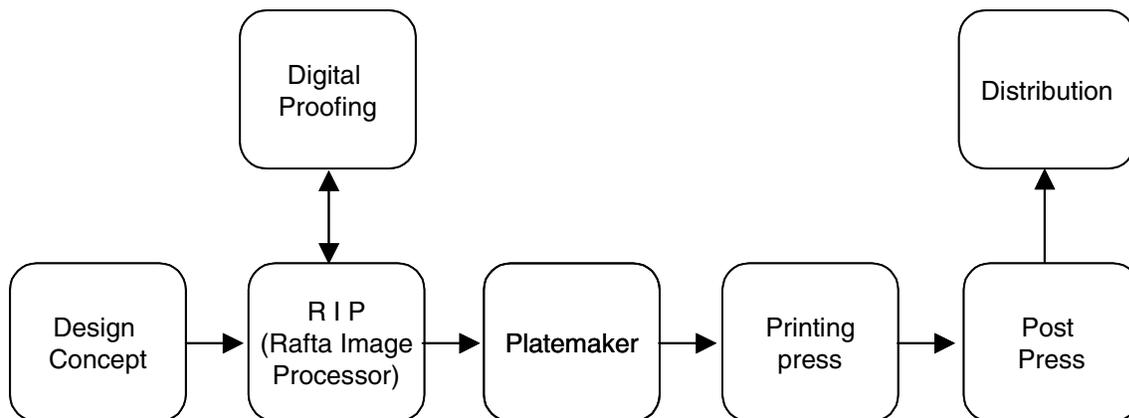
Exhibit 4 Printing Process Work Flow—Conventional vs. Digital

Conventional Work Flow



Source: MassEnvelopePlus.

Digital Work Flow with Conventional Printing Press



Source: MassEnvelopePlus.

Exhibit 5 MassEnvelopePlus—2001 Gross Profit Analysis by Category

	Sales	G/P	%	
January to June				
Commercial print—in-house	1,119,334	389,062	34.76%	11.70%
Commercial print—outside	2,655,902	827,693	31.16%	27.77%
Envelopes	<u>5,790,176</u>	<u>1,621,117</u>	<u>28.00%</u>	60.53%
	9,565,412	2,837,872	29.67%	

Source: MassEnvelopePlus.

Exhibit 6 Steve Grossman—Private Company, Public Service

1967	Graduated from Princeton University
1969	Graduated from Harvard Business School
1969-1972	Sales Representative, MassEnvelope
1972-1975	Broker, Goldman Sachs, New York and Boston
1975	President, MassEnvelope
1977	Participant, Combined Jewish Philanthropies young leadership development program
1983-1984	Campaign Chair, Combined Jewish Philanthropies
1987-1988	Finance co-chairman Michael Dukakis Presidential campaign
1991-1992	Chairman, Massachusetts Democratic Party
1992-1996	President and Chairman of the Board, American Israel Public Affairs Committee
1997-1999	National Chairman of the Democratic National Committee
1999-2001	Chairman of the Board of Trustees, Brandeis University
2000-2001	Campaign for Governor of Massachusetts

2001 PHILANTHROPIC, CIVIC AND POLITICAL ACTIVITIES:

Member, Joint High Level Advisory Panel, United States-Israel Science and Technology Commission
 Member, Ward 7, Newton Democratic City Committee
 Director, Combined Jewish Philanthropies of Greater Boston
 Director, Jewish Community Centers for Greater Boston
 Trustee, Museum of Fine Arts
 Member, Visiting Committee, Department of Contemporary Art, Museum of Fine Arts
 Member, Visiting Committee, School of Museum of Fine Arts
 Overseer, Dimock Community Health Center
 Overseer, Beth Israel Deaconess Medical Center
 Overseer, Children's Hospital
 Trustee, Temple Emanuel
 Director, American ORT Federation
 Trustee, Facing History and Ourselves National Foundation
 Member, Executive Committee, Anti-Defamation League, New England Region
 Director, The Lenny Fund

Source: MassEnvelopePlus.