7. Social capital as a pathway to sustainability at State Garden

Pramodita Sharma and Rocki-Lee DeWitt

In 2020, State Garden Inc.¹ has established itself as the leading provider of organic and conventional tender leaf salads, spinach and celery hearts in the eastern United States (USA). In addition to its two well-known retail brands of *Olivia's Organics* and *Simple Beginnings*, the company supplies store-brand private-label salads and green leaf produce to grocery chains like Ahold Delhaize and Whole Foods. Each week, State Garden processes over a million pounds of produce grown on 6,000 acres in western USA, in its 170,000 square feet premises that encompass a state-of-the-art processing facility and cold and dry storage areas, in Chelsea, Massachusetts. Third-generation DeMichaelis brothers – John III,² Mark III and Kevin III – share an office in the headquarters right across the street from their processing facility (see Figure 7.1 for a family genogram).

Pride in the high quality of their products, customer orientation and a deep respect for the DeMichaelis family can be felt throughout the company's premises that bustle with energetic people walking with a purpose and a smile on their face. State Garden's website invites the visitor to "start a relationship." This warm welcome in the physical and online presence of State Garden feels authentic, as social networks and stakeholder relationships have defined its evolution through continuous innovation, financial prudence and patient reinvestment for nearly eight decades. The DeMichaelis family's philosophy of "doing right by their people," regardless of whether they are employees, growers, suppliers, customers or members of their community, has remained a constant for State Garden. A combination of persistent hard work, integrity and an ability to build and maintain professional relationships has enabled the company to be a successful attentive innovator pursuing opportunities presented by changing societal needs and customers' preferences. An inseparable integration of the 3Ps of sustainability – people, profits and planet – is evident in the evolution of State Garden from its humble beginning in the 1930s to a third-generation company with about 900 employees today.

Note: For generations 1–3, this genogram highlights family owners and managers of State Garden since 1937. All children of the fourth generation are listed. Owner-managers are in bold. Family members who owned and managed for a few years but later departed State Garden are in italics. Roman numbers, related to the generation represented by each family member, are used to distinguish between family members with the same name for parsimony though the DeMichaelis family does not follow this practice. When two family members of the same generation have the same first name, the suffix Jr. is added for the younger member.

Figure 7.1 DeMichaelis family genogram

1930S TO MID-1970S: THE FOUNDATIONAL DNA OF STATE GARDEN

Born in 1889 in the Abruzzi region of Italy, Giovanni migrated to the USA in 1929. His wife Martha joined him soon after. This was only a few months before the stock market crash of 1929 and the decade-long Great Depression. While he was a hard-working war veteran, the first few years were extremely challenging for the DeMichaelis family. They first lived in the Philadelphia area with Giovanni's sister who had immigrated a few years earlier and he worked in a shoe factory. Later, the family moved to Boston to be closer to their extended family. A chance conversation with an Italian neighbor turned into an invitation to work for a celery company that operated from the historic Faneuil Hall³ produce market, a meeting place for growers and buyers since 1743. Each bay in this facility was about 18,000 square feet and had loading platforms, offices and refrigerated storage spaces. Traders would hire hundreds of daily laborers like Giovanni to prepare and process the produce for end consumers.

Motivated to provide for his family, Giovanni soon realized that he could make more money processing celery than working for others. Using his experience and relationships cultivated in the produce market, he invested his savings to start State Garden Celery Inc.⁴ as a repackaging business in

1938. Each morning he would purchase ten crates of celery from the market, transport it in his vehicle to his home, hand-wash, trim and wrap two bunches per bundle in parchment paper, and secure each package with an elastic rubber band. These packages were sold to wholesalers, who in turn sold them to consumers. The business flourished during the winter season that lasted from October to June but waned in summer as customers preferred the locally grown celery. This ebb and flow of the year enabled Giovanni to spend more time with his family during the off-school summer months. When the frost came, the focus returned to the celery business.

Anna, the eldest DeMichaelis child, is acknowledged to have co-founded the business with her father (see Table 7.1 for timeline). A high school student when State Garden was launched, she would help her father before and after school, joining him full time upon her graduation in 1939. Processing celery was a damp, chilly, laborious endeavor that began at 4 a.m. and continued well into the evening. Father and daughter washed and trimmed the celery by hand to improve its appearance and quality. They would stand in water with celery trimmings at their feet, while the younger siblings collected the waste and Martha tended to the family's needs. Anna would work full time during the day doing a mix of physical and administrative tasks, while pursuing a bookkeeping degree part time in the evenings. She became familiar with, and connected to, their suppliers and buyers, and even inspired other female immigrants to contribute to their family businesses.⁵ Her youngest brother John II was clear that if it wasn't for his sister, their father could not have succeeded in the business as he could not read, write or speak English. She opened a bank account for him to buy the product, kept track of receipts and bills and maintained the books. The family took great pride in the quality of its products and were deeply committed to providing exceptional service to its customers.

Jeremiah, Anna's younger brother, joined the business in 1940 and, like his sister before him, worked in the company during the day and took classes at night and on weekends. Dante, the third sibling, joined in 1942. But, within a few months of his working at State Garden, both he and his older brother had to leave to fight in the Second World War. Because of their sudden departure and the needs of the business, John II, the youngest sibling, began working in his family's business before he was 10. During the war, when their father was ill, Anna and John II learned how to drive the truck and move heavy boxes of celery to keep the business going. War-time shortages of rubber necessitated the first packaging innovation of State Garden as they had to purchase a machine to tie celery bundles with a string.

Upon their return from the war in 1945, Jeremiah and Dante rejoined the business. And, a year later, Anna got married to Leonard Geraci. At the behest of Jeremiah, the business was expanded into repackaging fresh spinach. As farmers could harvest two growths of spinach from an established root

Table 7.1 The DeMichaelis family's entrepreneurial itch

Timeline	Family participation and new initiatives/innovations
1930s	State Garden Celery Inc. established by Giovanni DeMichaelis and his daughter Anna (1938)
1940s	<p>Second-generation sons – Jeremiah, Dante, John II – helped in the business part time based on availability between war service and school; youngest son continued at State Garden while the older two boys left to pursue other interests</p> <p>Machine to tie celery bundles with a string is purchased to manage rubber band shortages during war</p> <p>Business expanded into washing and repackaging of spinach to operate around the year</p> <p>Celery processing ceased for two years to focus on spinach processing, until bread-wrapping machine is modified for cellophane packaging of celery</p>
1950s	<p>State Garden relocated to a larger facility in the Faneuil Hall produce market investing \$15,000</p> <p>First non-family member, a daily wage laborer, employed</p> <p>Partial ownership transferred to two second-generation members – Anna and John II</p> <p>John II adapts his mother's washing machine to "spin dry" spinach</p> <p>Industrial dryers, integrated with a scale and conveyor system and a "merry-go-round" multi-bag packaging machine</p>
1960s	<p>Moved to the New England Produce Center – family investment of \$100,000</p> <p>Three bays and 15 non-family employees by end of 1960s</p>
1970s	<p>Giovanni (generation I) passes away (1973)</p> <p>Generation 3 siblings John III, Mark III and Kevin III work in the business before/after school and during breaks</p> <p>State Garden sells celery and spinach packaged for wholesalers, retailers and food services</p> <p>Three bays and 18 non-family employees by end of 1970s</p>
1980s	<p>Third generation joins State Garden full time as each completes his college degree; each third-generation member is paid the same salary; roles and responsibilities clarified</p> <p>State Garden becomes area distributor for a company from Buffalo</p> <p>Family investment of \$200,000 to purchase automated spinach bagging and sealing machinery</p> <p>First big deal to supply spinach to a large regional grocery chain, Stop & Shop</p> <p>Buy one, get one free program launched</p> <p>Addition of a professional accountant and computerized accounting system</p> <p>Continued with three bays, 40 non-family employees</p>
1990s	<p>Additional investment exceeding \$1.5 million to acquire seven more bays and custom machinery to ensure the highest quality of products and state-of-the-art food safety</p> <p>New computer system integrated accounting and supply chain systems</p> <p>Mark III elected State Garden's president by his brothers and father</p> <p>Acquisition of Bay State, a Boston wholesale fruit and produce business</p> <p>14 bays, and about 60 non-family employees; 75% conventional produce, 25% organic food processed</p>

Timeline	Family participation and new initiatives/innovations
2000s	<p>Acquisition of Noreast, purchase and retrofitting of another building (\$5 million investment)</p> <p>Piecemeal sale of 14 bays to fund growth and ensure food safety</p> <p>Started processing of organic ready-to-eat salad</p> <p>First company to put spinach and salad into clam-shell packaging</p> <p>Ownership transitioned to third generation</p> <p>Olivia's Organics (organic brand) and Olivia's Organics Children's Foundation established</p> <p>Greenhouse and farm operations in Maine and Florida (piloted for three years before closing)</p> <p>120 non-family employees</p>
2010s	<p>Generation 3 passed away – Anna in 2011; John II in 2017</p> <p>Generation 4 starts working full time in business – John IV in 2013; Justin in 2017</p> <p>90% organic, 10% conventional produce processed</p> <p>900 non-family employees; 170,000 square feet total of processing, cold storage, dry storage and head office facilities</p>

system, State Garden was able to expand into a year-round business and serve a broader range of customers including local restaurants and grocery stores. While spinach and celery could be cleaned in the same wash tank, there were significant processing and packaging differences. As compared to celery, spinach required less cutting of the root ends, but its fragile leaves needed greater attention during drying. Moreover, the parchment technique used to package celery could not be used for spinach as it was sold by weight rather than by piece. Instead, cellophane bags sealed with staples were used to package spinach. The task of managing two different products and processing lines proved challenging for the DeMichaelis family. Instead of compromising its ability to fully satisfy its customers, for two years it chose to drop celery processing to focus solely on spinach. However, this changed with the purchase of a bread-wrapping machine to wrap celery in cellophane, expanding its product line to two items again.

Although the family worked hard and long hours, the parents encouraged and supported their children to pursue sports and other pastimes. While Giovanni focused on the business, Martha absorbed the additional work to enable the pursuit of their children's interests. With the support of his parents and siblings, in 1948 Dante left the company to study law. To cope with the increasing growth, in 1950 the family invested 15,000 dollars of their savings to relocate State Garden to a larger facility in the centrally located Faneuil Hall produce market. Shortly after this move, John II was summoned to serve in the Korean War. He had just returned from a two-year war-time service and was contemplating his next move when Jeremiah decided to pursue his entrepreneurial interests outside the family business. This left Anna to assume an even greater role in running the business focusing on billing, payables, supplier and customer relations, while her younger brother John II and their

father processed celery and spinach. Even after efficiency-enhancing changes were made to operations some laborers were employed to help. Despite these changes, the physical labor demands and long hours persisted for the family, but they remained steadfast in their commitment to not let their customers down and endeavored to deliver “anything the customer wanted” day after day.

Always on a look-out for ways to enhance their operations and product quality, in the late 1950s John II adapted his mother’s washing machine to “spin dry” spinach, thereby improving the quality and shelf life of the packaged spinach. Throughout this period, emphasis was placed on getting the produce appropriately trimmed, washed, dried and packaged as effectively, efficiently and economically as possible. Perishability was, and continues to be, a major risk in fresh produce packaging as labor remains a more manageable expense. Around this time, competitors were making inroads and technology was spreading through the industry. While State Garden’s customers were largely wholesale produce companies, some of their competitors were much larger and owned chain stores providing them direct access to end consumers. John II noted that they continued to “slug it out and always managed to make a living” by staying close to their customers and earning a reputation for reliable quality, service and products. Financial prudence came naturally to this family of immigrants.

Giovanni was the sole owner and the controller of the business though he encouraged his children to make decisions. John II reminisced that it was in the mid-1950s when one day without any fanfare their father came to Anna and him and said, “I think it’s time,” and transferred a quarter of the business to each of them. The duo responded with an equally simple “Okay Pa, whatever you want.” Everyday life remained unchanged for the DeMichaelis family as they continued their assiduous pursuit of opportunities to improve their products and services for their customers, while providing the best possible workplace for their employees.

Industrial dryers integrated with a scale and conveyor system and a “merry-go-round” multi-bag packaging machine were added next. In recounting the story of how this came to be, John II recalls loading a truck outside when a man named Victor came to him and said: ““You, State Garden? How would you like to have spinach dried by itself?” I said, What? You are nuts?”

Despite the initial reaction of shock at the idea of self-drying spinach, Victor was welcomed with the customary warmth of State Garden. He demonstrated his mechanized contraption of a conveyor belt connected to a weight-adjustable stainless steel bucket that went into the drier automatically. Washed and wet spinach would be dropped through the conveyor belt to the weight-adjusted bucket and onto the drier that would start at a slow speed and kick up to a high speed. The dried spinach would drop down through one of the 20 funnels arranged in a slowing rotating circle. One person would just

put a bag on the bottom of the funnel, pass the filled spinach bag to the next person to weigh it for accuracy, who in turn would pass it to the third person to seal it with a stapler. The spinach assembly line was born! This miracle machine of its time simultaneously enhanced efficiency and quality of the product. According to John II, this capital equipment investment of 5,000 dollars was “a no brainer” for them as it helped to somewhat level the playing field with their much larger competitors. As word of this new machine at State Garden spread across the country, people from the produce industry came from as far as California and Texas to see it in action.

John II worked on the floor and over time became quite an expert in operations, often repairing the machines himself. Anna continued to manage the administrative tasks, while Giovanni oversaw the business. All of them remained focused on serving their customers well. Unfortunately, this relatively smooth run was soon interrupted in 1968 by the Faneuil Hall marketplace fire, forcing State Garden to relocate to the New England Produce Center,⁶ which was part of the city’s redevelopment efforts. While the city provided an incentive of 15,000 dollars to relocate, the family invested 100,000 dollars of its savings to move State Garden to 300 Beacham Street in Chelsea, Massachusetts. The company now owned three bays and employed 15 non-family members to process the produce. In John II’s opinion, this was “one of the best things that happened to the produce business in Boston... [they] had more room to operate more efficiently.”

After the DeMichaelis family felt settled into its new premises Giovanni retired briefly, but soon returned back to work, until illness forced him to cease working. He passed away in 1973 leaving Anna and John II running the business as a sibling partnership.⁷ Anna and her husband had no children. With her incredible work ethic and financial prudence, she remained the cornerstone of State Garden, always attentive to watch the interests of the DeMichaelis family, its customers and suppliers.

MID-1970S TO MID-1980S: IMPRINTING THE DNA IN THE THIRD GENERATION

Fair stakeholder dealings, financial far-sightedness and unwavering work ethic imprinted on State Garden by the life’s work of Giovanni, Anna and John II left a deep impression on the third generation of the DeMichaelis family – John III, Mark III and Kevin III, born in 1963, 1965 and 1970, respectively. Following the family traditions, they worked in the business part time during high school and summers during college. They would start work with their father at 4 a.m. performing a wide array of receiving, processing and shipping tasks. Ken Reagan, a grocery chain buyer in the 1970s and 1980s, noted that while he had no work relationship with the DeMichaelis family at that time,

it was hard not to notice the three boys and their father coming to the produce market day after day. He reminisced:

the boys were always polite and well-dressed. While the older two were more stoic, Kevin, the youngest, always had a funny comment and called (Ken) the 5th Beatle. That's how the relationship was built – when you see them every day at 3 or 4 or 5 a.m. in the morning, they make an impression on you. Then, you get a relationship going.

Ken eventually joined State Garden as vice-president of sales and marketing in 2005 and describes his time with the company as the “fantastic 14 years of my life” adding “I won't retire from here unless they kick me out. Wouldn't trade this for anything. I just love it here.”

Recollecting these early days, John III mused that his father allowed him to come to the market “because he wanted to spend time with his father. And, just through osmosis [he] started to learn at a young age what [his] dad was up against and how difficult the business was from a physical and mental standpoint.” He continued, “it was all hands on the deck. We used to do everything and anything just to get through the day, to get the orders out, to keep the customers satisfied.”

John II and Anna also established expectations for mutual respect between the next-generation family members and State Garden's employees. Kevin III described the responsibility he shared with his brothers to drive their employees, sharing the following as an example:

We had an Italian immigrant woman who lived in the North End. It was our job to pick her up from her home in the morning and drop her back when she was done. She had worked for [our] dad for 40 years and we did it out of respect for her but also for him.

John II's and Anna's care for the family and their employees extended seamlessly toward their suppliers and customers, serving as a model for the next generation. In the USA, the largest volume of vegetable production is in California, Iowa, Nebraska and Texas.⁸ Thus, the northeastern produce businesses like State Garden are heavily reliant upon the weather patterns of the growing regions to meet their customers' needs. They started purchasing a truckload of produce from these growing regions and smaller quantities from other parts of the country. If a truck was not filled up with celery and spinach, they would ask the supplier to fill it with other items they could sell in their region, thereby expanding the product line to include radishes, turnips and parsnips. Mark III, the current president, recalls his father keenly following the

rain patterns in these regions worrying “what he would tell his customers” if the produce did not make it to Boston. He would remind his sons:

If it wasn't for the customers we can't survive. If there was an issue with a customer, agree with them and make it right and when you hang up the phone, you can call them all the names you want.

The customer orientation naturally lent itself to care and concern for the growers. Mark III recollected that his father would often go to Texas to visit the growers. And:

some of the guys took such a huge liking to him that even when pressed by larger buyers to not sell to the smaller State Garden, the grower would say, “I’ll never stop selling to him, he pays his bills, and he’s a gentleman, he’s the nicest guy in the world.”

While all three next-generation siblings acknowledge the hard work they put in when working with their father and aunt, each also remembers the business fundamentals they learnt slightly differently. The youngest brother Kevin III started going to work with his father and brothers when he was 10 or 11 years old. He described learning the production, bookkeeping and customer dealing as follows:

One of my first jobs was to make sure that the bags went through the heat sealer and they were sealed properly. Then, I was at the end of the line putting the product into boxes. Mom would come and pick me up at noon time. I had put in an 8-hour day and would be done.

When I was 14 or 15, I started to get into dealing with the customers, the walk-in trade that would come in. I’d have my Dad or my brother Mark or John next to me filling out invoices, making sales, and quoting prices. They started to wade me into the waters in that respect. And, then I would go and help my aunt with the bookkeeping.

Mark III vividly recalls learning about negotiation as follows:

Back in the day, when we were getting trailer loads of spinach, it would come in these bushel baskets and my father would have us unload the trucks. It was probably some of the hardest physical labor I’ve ever done because these things weighed about 30 pounds, everything came packed in ice, was wet and freezing especially if you were unloading them in January.

One of our responsibilities was to hand unload trucks full of produce. It would take about 4 to 5 hours to unload, so if there were 2 of you and you negotiated a \$40 unloading fee with the driver, you each got \$20 so you are getting \$5 per hour for ungodly work.

We would have to negotiate how much we were going to charge the truck driver, and that could be somewhat of an intimidating thing for a 12, 13, 14 years-old kid

when you have this guy who has driven 5-days with no sleep and we'd say that we want \$60 to unload the spinach. He'd say, "No, I'll pay \$40," and you start negotiating back and forth.

So, it taught us when you negotiate, you better get what you feel you're worth and try to hold out what it is that you want... some days we got it and some days we didn't.

Those are some of the earliest memories I have of John, Kevin and I having to actually stand there, nose to navel with a truck driver, and saying, "This is what I want."

The eldest son, John III, credits State Garden, his father and brothers with instilling a strong work ethic in him from a young age and notes that "the structured work helped (him) to develop as a person" and establish a sense of equity and shared responsibility in their family. He shared that when Mark III graduated from the University of Vermont in 1987, he had already been working full time at the company for two years. So, his father called him into his office and said:

Your brother is coming to work full time with us. [John III] said, I was expecting him to. [Father] asked: How much are we going to pay to him? [John III] said, it's your decision. It is not his [Mark's] fault that he was born two years later.

If we don't get paid the same immediately, when we leave at night how are we going to maintain equality and respect for one another?

There was no hesitation from his father. A similar discussion ensued between their father, him and Mark when youngest brother Kevin joined after his college graduation. Their father set the expectation for how they would work together. Kevin recalls that their father was very clear that there would be disagreements amongst the brothers in the workplace, but once a decision is made, we don't carry those over, and we keep moving in the right direction.

By the mid-1980s, John II and Anna had run State Garden for over three decades and established it as a specialized celery and spinach company in the competitive Boston market. Despite the full-time addition of the three next-generation family members, they continued to be heavily involved in the business. John III noted that when he joined the company full time his father was only 52 and could work "like a bull." He would do any job needed including loading and unloading thousands of pounds of produce and fixing any machinery in the building. Kevin III reinforced that although their father was in a supervisory role, he worked constantly side by side with his employees and got his hands dirty. Getting teary eyed, he noted that:

It was a pleasure to work side by side with him. The way that he went about treating people – customers, employees, suppliers, rubbed off on us. My brothers and I didn't know anything else – he is our positive root.

They saw what he was doing and did the same thing.

John III spent more time with his father focusing on the purchasing and packaging side of the business. Mark III split time between the physical work and working with his aunt Anna to become more familiar with the customers, billing, managing accounts payable, bookkeeping and banking. Kevin was in charge of the walk-in trade at the wholesale market and dealt a lot with the wholesalers and supermarket buyers. While their responsibilities were clear, all of them helped to load trucks or whatever else was needed to get the product to customers on time. According to Mark III, their father and aunt let them do the day-to-day work but also alerted them of the “big land mines out there and kept [them] from stepping on these.”

By 1987 State Garden was still a small business with three bays and about 40 employees cleaning and packaging celery hearts and spinach for retail and bulk sales. Through astute management of relationships with customers, employees and suppliers and their continued hard work, the company generated enough profits to support the employees, the DeMichaelis family, and make ongoing investments in the business.

MID-1980S TO 2000: SCALING UP WHILE CULTIVATING STAKEHOLDER RELATIONSHIPS

Around the mid-1980s, some major societal and technological changes provided a boost to State Garden. Fruits and vegetables were increasingly being recognized as important components of a healthy American diet⁹ and the role of women in the workplace was changing. With these changes, the demand for ready-to-consume healthier meal options was increasing. Simultaneously, food preservation and preparation technology, especially refrigeration, began to draw the attention of consumers away from canned produce and vegetables to packaged fresh produce.¹⁰ Shifting consumer preferences provided opportunities for grocery stores to offer a larger variety of produce and for specialized suppliers like State Garden to grow. For example, between 1994 and 1995, while the sales of State Garden’s local competitor – Noreast Fresh¹¹ – doubled from 8.9 million to 17.9 million dollars, its receipts from spinach had decreased from over 50 percent of total sales to 35 percent, while the salad lines had increased from 10 to 60 percent.

With the increased band width of dedicated family and non-family members working full time in the company, the attention of the DeMichaelis family turned towards expansion and, with it, the acquisition of needed facilities and processing automation. John III shared that his brother:

Mark was keeping his finger on the pulse of the packaged goods business. [They] were largely reliant on only two products – celery and spinach, and it was scary to

have such a limited product line. Mark could see the value in the expansion to other packaged produce items.

They persevered following the financial prudence principles instilled in them by their seniors, that is, first grow and manage the demand by increasing shifts and working harder, only invest in new space or equipment after the stability of the market had been tested, and minimize their reliance on borrowed money.

To expand their portfolio, they became area distributors for a company from Buffalo that sold pre-packaged vegetables and convenience food items like broccoli florets, carrot sticks and cauliflower florets. They also considered the addition of packaged salad but were worried about their ability to be competitive as large national companies like Dole and Chiquita were already ahead of them in terms of scale and the learning curve. Moreover, customer tastes were continuing to evolve, making it difficult to establish which sector of the packaged produce business would ultimately be preferred. Instead of straying too far from their core business, Mark started chasing bigger customers aggressively and in 1989 secured their first big exclusive deal with a large regional grocery chain. Mark III explained his thinking as follows:

There were a lot of big fish [grocery chains] that we weren't selling and [he] wanted to start landing some of these fish. Our success was built on the strong foundation of the 3–5 box customers, but it was time to go after the guys that were buying 300 boxes.

He established a relationship with the vice-president of this regional grocer who gave State Garden a chance to supply a volume of spinach and celery that was significantly greater than anything they had previously delivered to a single customer. Working collaboratively with this new chain store, Mark helped to introduce the first “buy one, get one free”¹² promotion in the fresh packaged produce market. Instantly, the sale of spinach quadrupled and with it the opportunities for the grocery chain, State Garden and its growers. To deal with the consequences of “overshooting,” two generations of the DeMichaelis family and a trusted employee, Son Le, worked around the clock to satisfy the customer. Mark III noted:

We just had no right picking up this big of an account. My brother and I would run the plant from 4 a.m. to 5 p.m., and my father and Son Le would show up around 5 p.m. and run it until around 4 a.m. when we came back in.

Son Le added that he learnt about hard work when he worked all night with John II and began to care deeply for him. Kevin III would help store and slot

the produce in the cold storage warehouse and load the trucks. He shared that they were:

busting at the seams... We had a 10-pallet truck and as the product was coming off the line, [we] were loading and delivering it to the cold storage facility. [Me and my] brother John were just going back and forth, all day, all night, all weekend. That's what [we] had to do. There was no other way it could be done and although the volume was something we had never seen, Mark made a promise to service the customer to the fullest and we weren't going to let them down.

He continued that:

Everybody [had] the same goals. Customer first.

As it pertains to getting orders and being able to deliver, the customers love watching the owners get their hands dirty.

I can't count how many times one of the local chains would call us up when one of their stores were short on an advertised item and they needed it immediately. We always found a way to get the customer the product they needed. A lot of times we would deliver directly to the individual stores while on our way home from work.

Growth accelerated in the 1990s. And, with it the family's reinvestments in its company. An expenditure exceeding 1.5 million dollars was made to acquire seven more state-of-the-art bays and custom machinery, to ensure that State Garden always provided the highest quality of products to its customers by maintaining exceptional standards of food safety and working conditions. An offer to acquire Bay State Produce, a wholesale fruit and produce supplier located in the same industrial park housed in four bays, came in 1998. The owner wanted to sell his business and retire, and the DeMichaelis family was attracted to the idea of acquiring more real estate. John III recalls that:

All of [them] were involved in that decision making. Mark spearheaded it as he was on an industry board with the owner of Bay State Produce. We liked the guys there. And, they liked us. This was their opportunity to sell and distribute hundreds of new and unique produce items overnight. The business was turnkey.

Meanwhile, baby lettuce, including spring mix and baby spinach, emerged as frequently demanded items in the restaurant and food service industry. An opportunity to "jump in" to the ready-to-eat salad business was presented to State Garden. Its largest competitor, Noreast Fresh,¹³ was struggling as its attempt to compete and scale with larger competitors left it with a heavy financial burden. The Noreast owners approached Mark III to buy them. In 2000, State Garden offered Noreast a graceful exit. This acquisition provided a spring-board into the ready-to-eat salad category known as "tender leaf greens." At this time, Noreast was starting to get into organic spring mix.

While the momentum was building, the DeMichaelis family remained committed to its shared goals of exceeding its customers' expectations and maintaining financial prudence and strong relationships with its employees and other stakeholders. Most of the management team from Noreast was retained as it was felt that this was the right thing to do and there was much to learn from their experiences. John III shared that 20 years later, several members of that management team were still at State Garden.

In reflecting on the shared sacrifices and family's patient investment in its future, John III mentioned that they "never overextended themselves." When making significant investments, they made sure the three brothers were all on board. When asked about the source of funding for growth, Mark III elaborated:

Our father and aunt were reinvesting financially back into the company at a stage in their lives that is rarely seen. We were proud of the confidence they had in us...

We were all working toward a common goal and trying to establish ourselves in a growing market. Although we couldn't reinvest with monetary funds up-front like our father and aunt, we made up for it with 80–90 hour work weeks knowing we were building for the future. The financial goals would eventually take care of themselves.

State Garden had grown substantially in a few years acquiring and updating property and equipment as needed. John III recalls it being "a little unnerving" as they were managing different locations and product lines. Like other small businesses, they had been running the business with paper, pencils and sales slips. The acquisitions of Noreast Fresh and the wholesale company required the stronger use of information technology. Increased federal regulations and the need for greater traceability of the products required the development of an Enterprise Resource Planning system to handle accounting, financing and inventory control. The company brought in software consultants and certified public accountants to develop a system and process tailored to the needs of the growing company. Change and the transition to automation didn't come easy to the second generation. Kevin III recollected the challenges faced when trying to get his aunt to share the company's financial information with people outside of the family. Kevin recalled one time his aunt holding up her manual ledger and shouting, "No one looks at my books!" The shared goal of continuous improvement to serve their customers well helped overcome her initial resistance to change. The automation served as a signal that State Garden was appropriately modernizing in order to do business with the larger grocers. Competitive intensity had increased as well. Unlike its earlier willingness to share ideas with other folks in the industry, State Garden became more guarded about sharing its unique processes.

As the third-generation sibling team took on more responsibilities, John II started spending his winters in the warmer Florida weather. But he would get right back into work upon his return. The evolution of State Garden's leadership to his sons also required consideration of role transitions and a hierarchy of leadership within the siblings. John III (the oldest brother) vividly recalls when in 1995 their father called the three brothers on a Friday after work and said:

We need a President of the company. We looked at each other and [John III] said, "Mark is the most qualified of the three of us." Kevin said, "I agree." Dad asked Mark how he felt about it.

Kevin III filled in that it was not even a question and when they told Mark III that they wanted him to be president, he was humbled and embarrassed. And, "that speaks volumes for the type of person he is and how we could all check our egos at the door." Pointing to the benefits of distinct roles Mark III noted that:

My specialty at the time was customer relationships, identifying opportunities and building revenue. Theirs was the operational part. So, we all had a role, we all had different personalities and that's a good thing. If you all had the same personality in a family business you'd bound to be clashing.

John III added:

When [Mark III] came in, it added a different dynamic. My brother is probably one of the best at what he does. When he came on, we were doing well but he had ideas, he had visions, he had guts.

And then we started going after business. We would meet and he'd say:

Hey listen, I'm thinking of going after XYZ account and will try to get half the business to start, and let's go from there. You okay with that? And (we'd) say, Fine. We were good battery mates, backing each other up.

Mark was laying the groundwork and things started to present themselves.

Kevin III's admiration for his brother, Mark III, was evident in our meeting with him as he noted:

I would work with Mark at the trade shows, greeting customers, just trying to push any type of new products that we had brought on.

He's one of the coolest, calmest, smartest guys I know. As far as his integrity, the type of person he is, his vision for the future, he is constantly looking for ways to improve the company.

He's respected by our competitors. He will do any favor for anybody no matter who it is.

Yet, even with their roles specified, the combination of Mark's talent in seeking and securing business and his consultative approach to problem solving and decision making continued. Skip White, the company's current chief operating officer, described Mark III's role and how the brothers continued to work together:

He [Mark III] is very visionary. Always out front. Has a great mind for calculating the business model.

Brothers have humility, all are different but value the differences.

I have never felt any sense of division. They are a most collective bunch. They go into a room, never yell at each other, never do.

Reflecting upon his own approach to the role, Mark III said:

We would talk about growth plans and *if there was something that we don't all agree on, we wouldn't proceed. It's not worth driving any type of wedge between us.* So, we usually do things unanimously.

Mark III credits his father and aunt for their role-modeled teachings. Not only did they help him and his siblings understand the risks associated with doing business with some suppliers and customers, they also helped them understand what was expected once a relationship was established. Mark reflected upon his own approach as informed by his father's and aunt's way of doing honest business which has served them well, sharing that:

I say to everyone in the company, *if you don't give the customer any reason to leave, they won't.*

In the twenty-five years that I have been here, we have never lost a customer because of non-performance. We may have walked away because it wasn't profitable, but we have never lost business because anyone said or felt that State Garden didn't do the right job or didn't try hard enough.

By the end of the twentieth century, the third generation was in an active leadership role. State Garden had established a strong reputation for its

high-quality products, reliable service and a business run with high integrity by a hard-working likable local family and its 60 employees. Through strategic acquisitions, the company had not only grown to 14 bays adding significant processing and warehousing capacity, it had also transitioned from a two-item produce business to a 200-item produce business. At the time, 75 percent of its products were conventionally grown while 25 percent was organic. However, management realized that the latter was not only right for the planet, it was also the faster-growing segment on the produce shelves.

2000S ONWARDS: SHIFT TOWARDS ORGANIC

As the business continued to evolve and grow over the next two decades, Mark III's approach to leadership did not waver. Nor did the family's approach to working with each other or with their employees. Just as the second-generation siblings, John II and Anna, had generously supported their employees financially and emotionally, so did the third-generation brothers. Ken Reagan recalls that in 2006, he was only in his second year as vice-president of sales and marketing at State Garden when two unexpected events occurred, testing the brothers' commitment towards their employees and customers. First, Ken suffered a heart attack and was unable to work for several months. Mark III told him to focus on his health and ensured that he never missed a paycheck. That same year, the United States Food and Drug Administration issued a massive recall of fresh spinach packaged by Natural Selection Foods Company. The spinach was determined to be tainted with *Escherichia coli* and had caused illness in over 200 consumers and three deaths.¹⁴ While State Garden's items were not implicated in this infectious outbreak and their traceability practices could prove their product was not at risk, it chose to comply with all recommendations and removed all spinach items from the shelves. This move cost it several million dollars in 2006. Nevertheless, at the end of the year, all employees received a small bonus as the brothers noted that the recall "was not the fault of our employees." Such caring gestures are deeply embedded in the memory of State Garden's employees, leaving the DeMichaelis family with a highly motivated and committed management team willing to do anything to ensure the success of their company.

As State Garden grew, the brothers began to broaden the managerial breadth by recruiting senior non-family members from their networks and past relationships. For example, Skip White, the current chief operating officer, was quite emotional when sharing how he came to work at State Garden. In 2007, he was a senior category manager at Shaw's Supermarket,¹⁵ a large north-eastern grocery chain he had worked at for 34 years. State Garden was their supplier and he knew that John II was highly respected in the industry for his honesty and integrity. He also enjoyed a good working relationship with Mark

III, whom he found to be a willing partner in creating new products and efficiencies. When Shaw's was acquired by another company, Skip was suddenly and unexpectedly laid off. Next day, he got a voice mail from Mark III and the two met. At this meeting, Mark III wrote Skip an offer to work at State Garden on a cocktail napkin. While the exact work Skip was to do at State Garden was unclear at that time, Mark made it clear that he was going to work there and wanted him as part of the team.

Within a few days, Skip was working at State Garden. His first task was to analyze the business to identify opportunities to become more efficient while also enhancing their customer service. State Garden had already transitioned into the fast-growing pre-washed salad category and was located in the east, which was the largest market for processed fresh salads. Due to the nationwide spinach recall of 2006, traceability and stricter food safety regulations had become exceedingly important. The government and State Garden's largest customers demanded more visibility as to where their products were grown and by whom. Skip analyzed the supply chain process. With warmer weather and longer growing seasons, the produce was grown in the west coast of the country. The industry norm was that food processors would package the produce close to the growing sources in the west and transport the packaged products in trucks to the consumer outlets.

State Garden was an outlier. Although it too purchased the produce from the west coast, instead of packaging it close to the source as per industry norms, it would transport the unpackaged produce in tightly packed pallets in trucks that drove across the country to the company's processing facility in east. This was an efficient approach for two reasons. First, as freight is restricted by weight and it was possible to load 16,000–17,000 pounds of unpacked produce on a 30-pallet truck, as opposed to 6,000–7,000 pounds of packaged produce per truck, State Garden enjoyed freight savings advantages. Second, as the loaded trucks took five days to travel across the country, samples could be taken from every pallet for pathogen testing and sent to the lab. By the time the trucks would arrive in Boston, the test results were ready. If any issues were detected with the produce, it could be destroyed upon arrival under United States Department of Agriculture supervision, if needed, without incurring the time or expense of packaging.

Skip continued to analyze the internal operations and found the DeMichaelis brothers to be "very close and humble... All are different but value the differences. Kevin is quick to decide, black and white. Johnny is thoughtful and takes a couple of days to think through. Mark is logical and the voice of reason." With some more acquisitions and internal growth, State Garden rapidly evolved from a 15 million dollar revenue company in 1998 to a 100 million dollar revenue company by 2008. While some internal processes and

systems had kept pace, others needed upgrading. Skip worked on those projects over the years and in 2018 he was appointed the chief operating officer.

While John III and Kevin III worked with Skip and the rest of their management team to ensure their current operations ran smoothly and customer needs were met with State Garden's customary high standards, Mark III turned his attention to exploring new business directions. A visionary yet cautious entrepreneur, he was always working on some project and looking for ideas. Good at calculating the advantages of different business models, he would take time to process and analyze different options. He would either present something special to his brothers and their management team or abandon the idea to explore other possibilities. For his part, Mark III shared that while the previous generation members, John II and Aunt Anna, seemed to have an "efficiency itch," he feels:

a product development itch... [as I] catch a rush from figuring out the next idea before it is really an idea. [I] can be restless at times if [I] know there is an idea has not yet formed, it's an itch [I] cannot scratch. [I] just feel something has to be done.

The family-shared patient approach to decision making was evident as State Garden evolved into the organic produce business. John III notes that since the mid-1990s, Mark III has been aware of the shifting consumer preferences and would learn about these shifts through conferences he attended, conversations he would have at industry association meetings where he was in leadership roles, growers he visited and brainstorming sessions with leaders in the retail food industry. However, he also recognized that to be competitively viable in this space they had to simultaneously develop a consistent supply chain of high-quality organic produce, find compelling ways to differentiate this segment from their conventional produce segments and ensure their processing standards exceed the expectations of food safety authorities and organic consumers.

When State Garden purchased Noreast Fresh in 1998 there was no brand or label for the company's organic product offerings. The only label used was the Noreast brand and it looked very similar to the conventional product offerings. There was very little graphic variation. The challenge the organic industry had in its infancy was differentiating it from conventionally grown product. From his college days in Vermont, a state known for its leadership in ecological sustainability, Mark III knew that those interested in organics were more discerning customers. Knowing where their food came from and how it was grown was more important to them than the price paid for it. This distinct customer could not be grouped in with the traditional shopper and needed a brand to call their own. However, finding the right name and image for the organic pre-packaged produce proved to be a struggle for State Garden and its

team. State Garden wanted to reach more than just the environmentally conscious consumer. It wanted to stress environmental sensitivity but also strived to appeal to the family shopper looking for the healthiest options available. The brand would need to stand out on the shelf with a simple attractive name and a memorable image. The brothers were also aware of their septuagenarian father's keen desire to systematize and institutionalize their charitable giving focused on children in their community. Ideally, they wanted their new product line to satisfy organic customers and honor the legacy wishes of their father. John III described those intentions as follows:

Dad [John II] didn't want this to be perceived as a marketing ploy. We sincerely wanted kids to start eating fresh, healthy and organic.

Wide open to branding ideas, State Garden retained a graphic artist who was given free artistic reign. Mark III shared the futility of this exercise as they ended with "a museum of bad ideas. Nothing connected 100%" with what they were trying to accomplish. Finally, Aleta Bransfield, a member of State Garden's management team, said to him:

I'm kind of sick of watching you fumble around for a good name. Isn't your daughter's name Olivia? Isn't Olivia's Organics a nice name?

Figure 7.2 A sample of Olivia's Organics products

As Olivia is the only female DeMichaelis in the fourth generation, it was settled. Their organic brand, “Olivia’s Organics” (Figure 7.2), and the corresponding charity “Olivia’s Organics Children’s Foundation,”¹⁶ were established in 2005. A portion of the proceeds of sales from Olivia’s Organics went directly to the foundation to support community-based charitable programs aimed at enriching the lives of children in regions where State Garden’s products were sold. Autism Speaks, Kids Clothes Club, the Greater Boston Food Bank, Food Bank for New York City and Toys for Tots are a few of the many programs supported by this foundation.

Just as it took time to establish the concept of a brand that resonated with the DeMichaelis family and the consumers, State Garden needed to build a reliable organic supply chain before it could move primarily into this market segment. Reputational risk was high as the organic customers were extremely conscious about food safety and the integrity of the products. For conventional farmers, despite the ever present downward pressure on their prices due to the commodity nature of the product and increasing market interest in organic tender leaf greens, shifting to organic farming represented a risky change. Growing organically is demanding. Growers must forgo production on a field for three years to turn it into an organic field that qualifies for related certification. Moreover, they could not use synthetic fertilizers and pesticides, like their conventional counterparts, leaving them vulnerable to threats of losing their crops from weather and insect-related pressures during growing season. Finding proper seed varieties that were adaptable to different growing climates was also challenging. Thus, establishing a network of reliable growers was essential to success in the organic produce segments.

In addition to working with its supplier network, State Garden also piloted experimental organic growing on the east coast. To explore new ways to grow the organic produce, Mark III engaged his long-time friend from college, Mark Pins (known as Pins in the company). Now serving as the director of marketing and sustainability, Pins joined State Garden in 2009. In recounting how he joined his friend’s company, he shared that the two of them had met on their first day of college and remained good friends. Pins enjoyed a successful career in the ski industry managing Ragged Mountain Ski Area. When that company was acquired, he asked his friend Mark III for a reference as he was going to apply for another job in the ski industry. Instead, Mark III convinced Pins to join State Garden as his experiences could be helpful for them. Upon joining the company, Pins was made responsible for customer service and was charged to explore new growing techniques in the organic produce segment. He and Mark III looked at different types of greenhouses, vertical farms and technology businesses. Ultimately, State Garden purchased a company called “Locally Known” in Maine and leased farmland in Florida in an attempt to bring the supply chain closer to the customer base. This would eliminate the

need to bring the product across the country. These experiments were tried for three years but climate and soil conditions prevented State Garden from scaling up these growing operations.

It was clear that State Garden would need to expand its supply chain with its grower partners in the west. In order to do so, the family traveled west several times to meet its growers. It took a few years to convince its growers to farm organically. Mark III shared the argument they would make in an attempt to convince their growers to transition to organic as follows:

I can pay you \$1 per pound for conventional, but I can pay you \$1.30 per pound for organic. This is what my customers are asking for and I, in turn, am asking you for it.

In a world of shifting preferences, excess supply of conventional produce, the ever present climate risk and most importantly trust in the DeMichaelis family, some growers were willing to change to better align their production with the shifting markets. Typically, State Garden was dealing with small and medium-sized farms whose land holdings were split in several locations. This enabled it to use a phased approach to convert to organic farming by dedicating selected locations for conversions. Pins noted that the efficient logistics and high safety standards differentiated State Garden from its competitors. It cut no corners on food safety and exceeded the industry standards. If a grower could not meet the high standards and specifications, they would lose their business with State Garden. The company was well aware that it had raised the bar significantly for its growers and was willing to pay more for products if its standards were met. It always treated its growers fairly keeping its end of the bargain in a handshake business.

Alongside efforts to build a supply network, State Garden worked with grocers to develop its organic salad program relying on the 4Ps of marketing – product, price, placement and promotion. Crush-proof rigid plastic packaging, vibrantly colored labels, vertical displays and private label options further solidified State Garden's relationship with its grocers while building recurrent demand for the growers. These packaging innovations remain the best solutions to maintain the integrity and quality of baby leaf lettuce.

Increased emphasis on Olivia's Organics and State Garden's pre-washed salad business also necessitated adjustments to the physical facilities of State Garden. As there were limits to its ability to retrofit the bays, investment had to be made in building its own facilities with state-of-the-art washing, sorting and packaging machinery. The bays in the New England Produce Center were increasingly underutilized, bothering their frugal aunt Annie, whose last request to Mark III before she died in 2011 was to "Get rid of the darn bays!"

By 2013, they had exited the wholesale business and sold off bays to other fresh produce businesses.

While John II and his wife had previously spent time in Florida during the winter, health issues caused them to forego their winter Florida trips to be close to the high-quality health care available in Boston. John III assumed the role of caretaking for their parents, who were increasingly unable to care for themselves. This resulted in a shift of responsibilities between the brothers and an increasing role of their management team, as Mark III focused his attention on growing the organics markets. John II passed in 2017.¹⁷

David Bernstein joined State Garden in 2019 as the chief financial officer after having worked several years in the corporate hedge fund and accounting industry, and as a consultant for the company for several months. In sharing his impressions of State Garden when he joined, he observed a high level of commitment in people working here and a real pride in working for the brothers, who worked with such humility with their team. He noted:

Even though some jobs are not exciting, and expectations are exacting, there is a greater feeling of mission that pushes everyone to do the right thing. It's something transformative.

Bernstein also observed that while the DeMichaelis family was financially frugal, it was not afraid to spend money sensibly on items that did not have immediate payoffs but helped to improve the quality of its products for its customers or workplace for the employees. For example, State Garden established “above market and above specification food safety standards, such that its products are tested and held for pathogens for 24-hours before going to market.” State Garden management is unaware of anyone else in the industry adhering to these strict standards and commitment to its valued consumers.

Ken Reagan reiterated that State Garden had the best safety program and protocols in the industry. Growers are subjected to an extensive food safety vetting process which could last up to a year before being able to supply State Garden with fresh products. When the Olivia's Organics brand was launched in 2005, only 5 percent of State Garden's total sales came from the organic segment. By 2019, the ratio had completely flipped as 95 percent of sales came from its organic products and 5 percent came from conventional products. State Garden was getting its supply from growing partners in 12 regions in the west. The company did not own any farmland and contracted with its farmers on an annual basis. Farmers were ensured a fair price and if any farmer needed more money, the family paid more money. The family viewed it as a partnership that worked well for all involved.

2020 AND THE FUTURE

State Garden has established itself as the leading provider of organic baby leaf lettuce in eastern USA. The produce is bought from dozens of independent growers in the western regions, transported across the country in contracted refrigerated trucks, tested for pathogens along the way and washed and packaged in state-of-the-art facilities in Boston. This fresh produce industry is rampant with risk factors, as explained by Mark III:

There are a million things that can go wrong. Weather, timing, trucking. If you can limit the controllable risks better than the other guy, then you will perform better than your competitors.

Three generations of the DeMichaelis family have relied on their integrity and hard work to cultivate and nourish family and non-family relationships to be successful for over eight decades. What started as one man supported by his young family buying a day's worth of celery, washing, cleaning and hand packaging it in their basement in 1938, is now one of the leading processors and distributors of organic fresh produce in eastern USA. Over 900 employees are gainfully employed in State Garden's 170,000 square foot complex with cutting-edge processing facilities, cold and dry storage areas and head office.

The company presents itself to the public as a "family-oriented" company, viewing its customers, growers and employees as part of their "extended family." Relationships with key stakeholders, often extending over decades or generations, provide a strong foundation, enabling the company to evolve with the changing needs and preferences of its customers. As a third-generation family business, family and non-family leaders and managers continue to seek an appropriate balance between the family values of humility, obligation and altruism, as they continue to grow with innovative products and fine tune their systems and processes. Larger opportunities may present themselves through their now well-recognized brand built on a family member's name and its charitable leadership in the community. Third-generation DeMichaelis brothers, John III, Mark III and Kevin III, oversee the operations along with their carefully selected and trusted management team. Ken Reagan, vice-president of sales and marketing, summed up the current operations as follows:

[Internally] it's like clockwork every day. No one misses a beat. We pride ourselves on communication. Everyone takes pride in their job. Nobody wants to disappoint anybody... everybody is like family here and we have a lot of employees.

The State Garden experience of the fourth-generation family members varies considerably from the experiences of their fathers who worked closely

with the second-generation siblings, John II and Anne, contributing muscle and insight to the packaging and reselling of their legacy celery and spinach business. Acutely aware of these differences, the brothers are trying different ways to prepare the next-generation members for their State Garden-related responsibilities. John III's children have graduated from college, work in the business and report to Ken. They are expected to respect the chain of authority and play by the same rules as all other employees. Ken's charge is to identify the natural abilities and interests of each fourth-generation DeMichaelis member, provide opportunities to develop and test their skills and guide their career development. His experiences with John III's eldest sons provide an early insight into how this process is evolving:

Justin is the analyzer, a numbers guy. And, his brother John IV is the "outside guy" who excels at events and retail using his marketing skills and personality. (Ken Reagan, Vice-President, Sales and Marketing)

Mark III's children are in middle and high school and are gaining familiarity working with the charitable endeavors of the business. Kevin III's children are even younger but participate in company-sponsored events and activities. Attention is being devoted to prepare the fourth generation of the DeMichaelis family for their role in State Garden. Mark III explained that efforts are under way to ensure there is a "back-up for a back-up for every part of their operation from the growers in the west to each sequence of the step till their products are consumed in people's homes." Jim Landry, a seasoned team builder from a successful larger company in the region, has been brought in as State Garden's new culture officer and charged with the important task of ensuring that contingency plans for all important roles and tasks are in place.

As the leadership of the business has evolved to incorporate more non-family members and as the fourth generation of the DeMichaelis family is being integrated in the company, the ongoing market viability of organic versus locally grown segments dominates concerns for the future. Consumer interest in these two segments is often confounded and difficult to ascertain. State Garden's local presence is strongly embedded with its buyers – the grocery chains – and the company's charitable work in its region, while its organic produce is grown in the climatically advantaged western regions of the country and transported to its processing facility in the east. Consumers concerned about the carbon dioxide emissions in transporting goods over long distances favor locally grown produce, whereas those troubled by harmful health issues caused by the chemicals used in conventional farming prefer organic produce. Unfortunately, for the climatic challenged regions of eastern USA, the ideal combination of locally grown organic produce limits the possibilities for State Garden. Until the 2020 Covid-19 pandemic redirected the consumers' atten-

tion towards health safety issues, the recyclability of clam-shell packaging was an important concern. Chief financial officer, David Bernstein, noted that while cognizant of their usage of plastic to ship their products, their industry continues to struggle with packaging given the perishability concerns. Relying on their entrepreneurial itch, the State Garden leaders continue to explore opportunities to convert post-processing waste into usable assets including vegetable juices, frozen products and variations of fresh packaged produce.

The DeMichaelis family leaders express and live sustainability through the longevity and health of their family and the extended family of employees, growers and customers, as succinctly stated by Kevin III:

Relationships are a root to sustainability.

This resolve was once again tested in 2020 when the Covid-19 pandemic engulfed the world forcing stay-at-home orders. Although State Garden was deemed an essential business that could operate, the health authorities mandated the company to follow additional precautions to ensure safe distancing in their operations. Instead of laying off any employees, the company chose to reduce production to 60 percent and change the rotations so that all employees could be retained, albeit with reduced hours for many.

For John III:

Societal sustainability means generational stability within a company and working toward a common goal. Whether it is success or failure, sticking together as one.

And, Mark III summed it up as:

Going beyond just environmental to environment and health. Organics [are] embraced by environmentally conscious. So, we [can] reach out to customer interested in environment and health.

The key stakeholder relationships cultivated by the DeMichaelis family over the past eight decades, their authentic leadership laced with humility and dedicated hard work, combined with the non-scratchable entrepreneurial itch in the family's DNA, is likely to propel State Garden to its 100th anniversary celebrations in a few years.

KEY INSIGHTS

- State Garden's transformation from conventional to organic fresh produce that simultaneously alleviates environmental and health concerns has been paved by fair dealings with key external and internal stakeholders includ-

ing customers, suppliers, competitors, employees, the local community and family members.

- The singular pursuit of three generations of family leaders to meet and exceed customers' needs and expectations enabled several entrepreneurial pivots as consumers' behaviors changed over eight decades.
- Equality of compensation of family owners and unanimity in key strategic decisions has enabled the DeMichaelis family to stay focused on growing the family enterprise without dysfunctional distractions.
- Frugality in personal spending and continuous reinvestments enable the timely pursuit of entrepreneurial opportunities.
- For the longevity of a family enterprise across generations, it is critical to continuously manage the trilemma of ensuring the financial viability of the company (profits), care for its customers, employees and farmers (people), and the health benefits of its products (planet).

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NOTES

1. This case is based on three separate rounds of interviews in 2013, 2019 and 2020. In the first round, Rocki-Lee DeWitt and two undergraduate research assistants visited the State Garden premises for two days to interview four family members of the second and third generations: John II, John III, Mark I and Kevin I, and three senior non-family members, Son Le (production supervisor), Tony Bordieri (chief financial officer/chief operational officer) and Michele Bordieri (human resources manager). By the second round of interviews, John II had passed, Son Le had retired and the Bordieri husband and wife team had left State Garden. Both authors and their graduate research assistant visited State Garden to interview three family members – John III, Mark I and Kevin I – and the non-professional top executives – Skip White (chief operational officer), David Bergstein (chief financial officer), Ken Reagan (vice-president, sales and marketing), Mark Pins (vice-president, sales and customer services), Jim Landry (vice-president, culture and human resources). The last round of interviews was conducted by telephone with John III, Mark I and Kevin I.
2. The actual names of family members are John M., also known affectionately as Johnny (second generation), John S. (third generation, John M.'s son), John J. (fourth generation, John S.'s son) and John C. (Mark's son). For parsimony and convenience of readers, we use John II (for second generation), John III (for third generation) and John IV and John IV, Jr. (for fourth generation). Mark

- III and Mark IV, and Kevin III and Kevin IV are used to denote the third- and fourth-generation family members with the same first names.
3. Located near the waterfront and today's Government Center in the heart of Boston, Massachusetts, Faneuil Hall first opened in 1743. The project was initiated and gifted to the city of Boston by a generous wealthy merchant, Peter Faneuil. It was meant to be a meeting place and a market for trading. A National Historic Landmark since the 1960s, this has been the site of several historic American gatherings including major speeches by American presidents.
 4. For ease of reading, the company is referred to as State Garden in the case although the official name change from State Garden Celery Inc. to State Garden Inc. did not take place till 1998.
 5. Kathy Means. 1987. "Anna celebrates 50 years." *Packer Magazine*.
 6. www.nepctr.com
 7. Gersick, K., Davis, J. A., Hampton, M. M. & Lansberg, I. (1997). *Generation to Generation: Life Cycles of the Family Business*. Boston, MA: Harvard Business School Press.
 8. <https://beef2live.com/story-states-produce-food-value-0-107252>
 9. Guthrie, J. F., Zizza, C. & Raper, N. (1992). "Fruit and vegetables: Their importance in the American diet." *Food Review*, 15(1): 35.
 10. www.agmrc.org/commodities-products/vegetables/lettuce, sourced 12/15/2019.
 11. Noreast Fresh Inc. v. Commissioner of Revenue, No. 98-P-1917, decided October 27, 2000. Caselaw.findlaw.com/ma-court-of-appeals/1469357.html
 12. Also known as the BOGO program – buy one, get one free.
 13. For parsimony, we refer to the company by its shorter name – Noreast – in this chapter.
 14. www.cdc.gov/ecoli/2006/spinach-10-2006.html
 15. www.shaws.com
 16. <http://oliviasorganics.org/foundation/>
 17. His wife and life partner, Marion, passed in 2018.