FAMILY BUSINESS SEMINAR

SPEECH FOR

FELIX GRUCCI, JR

FINAL REVISED

(**SLIDE 1- LAS VEGAS, NEW YEAR’S EVE**) Hello everyone. For over 130 years, my family has given bursts of illumination and incandescence to the night sky. We’ve done our best to create memories and bring joy to people from all over the world with our fireworks. Through global crises and economic challenges, the product my family creates brings the symbol of hope and promise to the public. (**SLIDE 2- STATUE OF LIBERTY PIC**) What started as a small family business over 150 years ago has become the embodiment of celebration and commemoration for millions of people. We are very proud of the work we do. I have been blessed to be born into a wonderful family and to inherit the legacy of my family’s business and mission. It’s not easy bringing such spectacular light celebrations to the public, and it certainly isn’t easy to do so in good times or bad, but who said anything worthwhile comes easy? As with creating our fireworks displays, when it comes to sustaining a family business, it takes creativity, teamwork, dedication, and lots of hard work, and believe me, sometimes the fireworks are not just launched for the public to see! Family comes first, and it will be the solid relationships and mutual respect that will be the backbone of survival for any family business.

(**SLIDE 3 EDISON QUOTE**) Thomas Alva Edison said, “Be courageous! I have seen many depressions in business. Always America has emerged from these stronger and more prosperous. Be brave as your fathers before you. Have faith! Go forward!” Yes, we have all had to be brave as we followed our fathers and their fathers into our respective family businesses.

(**SLIDE 4 –MR. + MRS. GRUCCI AT THE FIRST FACTORY**) For us, it all started back in 1850 in a small town in southern Italy. Angelo Lanzetta had two dreams. He wanted to support his family and he had visions of starting a company that made fireworks. It is believed that he worked as an apprentice for a fireworks company in Bari, Italy and apparently Angelo had amazing intuition. He must have believed that success ultimately comes from starting your own business and what better product to manufacture than fireworks, a symbol of celebration? Times were tough in the old country, and Angelo had a better idea. He and his family immigrated to the United States. Sixteen years before the Statue of Liberty claimed her domain and lifted **her** torch to light the way for millions at the entry to NY Harbor; the Lanzetta family arrived at Ellis Island and prepared to illuminate the skies of America in its own spectacular and unique way. (**SLIDE 5-ANTHONY LANZETTA/ STATUE OF LIBERTY)**

The family settled in Elmont, Long Island and proceeded to build the business through trying economic and social crises. Angelo passed away in 1899 and his son Anthony continued to “carry the torch.” My father, Felix, Sr. joined the family business in 1923, starting at the bottom as an apprentice. History has taught us that “challenging” economic conditions became “almost impossible,” and in the early years of the Depression, the family decided to relocate the business to Miami, Florida in the hopes of finding more opportunity. The move to Miami didn’t last too long, and my father and his uncle moved back to Long Island where the family and business continued to grow despite the trials and challenges of life in the pyrotechnics business. (**SLIDE 6-DARWIN QUOTE**) Charles Darwin taught us, “It is not the strongest of the species that survive, nor the most intelligent, but the ones most responsive to change.” At this point in time, my family’s fireworks business was 80 years old and had demonstrated its resilience and responsiveness to change. As the business grew, so did the odds for tragedy, and when the accident that occurred in the East Patchogue facility in the mid 1930’s, killing my great uncle and his son, our mettle as a family and a business was tested to extremes we had never known before. My father, Felix, Sr., never got over that tragedy and seriously contemplated closing the business, but with wisdom and resilience, faith in God, and the support of family, my father carried on. Of course, he had to relocate the business and start from scratch, but that is the living definition of resilience. (**SLIDE 7-THE GRUCCI FAMILY MAKING A FLAG SET PIECE**) The 1940’s and ‘50’s saw a trend in fireworks competitions featuring cash prizes only for the top winner. What incentive that was to up the game and fund the company! Under my father’s direction, our company won more competitions than we lost, we gained additional revenue with the prize money, and…oh…we virtually flattened the competition! Thanks to my father’s vision and ingenuity, another revenue stream identified was to diversify into military pyrotechnics and we developed the first simulated atomic explosion for troop training purposes. The ‘60’s and ‘70’s ushered in a renewed era of fireworks for entertainment purposes, but then, another smack in our corporate face loomed around the corner-the crippling recession of the late ‘70’s. Once again, we had to really take a good, long, hard look at what we had as resources, what we felt was our potential, how we ranked in the industry, and how we might take our know-how, family strength and faith and manage the company through the latest crisis. By 1979, my sister Donna, my brother James, and I were all actively working in the company and under my brother’s leadership and vision, and much to the hesitation and protest of my father, he convinced the family to take a huge chance by entering a European fireworks competition in Monte Carlo, France. The risk was clear. (**SLIDE 8-MONTE CARLO PIC**) If we lost, it would be a big mark against our reputation… but **WE WON** and it launched us into a whole new level of the business. We were now officially **the Grucci's - America's First Family of Fireworks,** and totop it off, we were dubbed that name by the late, great, George Plimpton, a close family friend. 120 years after the first spark in my great uncle Angelo Lanzetta’s eyes, the Grucci Fireworks Company had arrived!!!

(**SLIDE 9 THE ACCIDENT)** As all of you probably know, success is tenuous, we all have to be grateful for everything we have, there is never time to rest on one’s laurels, and one never knows what might happen in the next minute. On November 26, 1983, we felt the ground rumble and my sister Donna and I knew something very bad had happened. There was a massive explosion in our facility that claimed the life of my brother, Jimmy and our cousin, and reduced to rubble our 13-acre plant changing our lives forever. **(SLIDE 10-THE GRUCCI FAMILY)** May none of you ever know the grief and pain and red tape my sister, my family and I had to endure after that horrible day, but after much soul searching, we came to the realization that we were stewards of a family business rich in history, we had employees who depended on us, and we had to take a serious accounting of if and how to go on. The good news and the bad news about working in a family business is, as you all probably know, it’s a 24/7 commitment. The problems don’t get left at the office, and when they’re taken home, there are people who can truly understand, empathize and share whatever dilemmas there are to face. My brother, sister and I lived, ate and breathed the fireworks business, and with Jimmy gone, it left a huge hole in our hearts and our plans, but we had to consider what our family had built, what we had lost, the people and families that worked for us, the public who, by this time, looked up to us to create a symbol of hope and beauty and celebration, and we also had to deal with all of the federal, state, and local agencies’ investigations and assessments regarding the accident. We also had to deal with the grief and deterioration suffered by my father and mother as a result of the event. Our father had been a true inspiration to us and personified the American Dream, and our mother was the heart that beat within all of us. She was our light and our guide for over 50 years. She never got over the death of our brother. We were grateful and prayed in thanksgiving that they inspired us and taught us well. I have to say that even through tragedy, even when it seems impossible to function, it is always critical to find the light in any situation, and there is an up side to providing a product for the sheer joy of the experience. After the accident, we got the most overwhelming outpouring of sympathy and encouragement from people from all over the world. **(SLIDE 11-BEND IN THE ROAD QUOTE**) Someone once said, “The bend in the road is not the end of the road unless you refuse to take the turn.” We faced the reality of what business would have to be like post-explosion. Even though we had to deal with all levels of government agencies and fight losing battles with insurance companies, we chose to take the turn and we searched for a site for our new manufacturing plant and corporate headquarters.

My sister Donna and I had to sign loans and make personal guarantees, jeopardizing our own families’ futures, to banks in order to get funding to rebuild, but with the Lanzetta/Grucci family tenacity ingrained in us, we did just that. We were able find a 90-acre site on which to rebuild our business and literally, out of the ashes rose a phoenix that shines brighter and more proudly than ever before. (**SLIDE 12-NEW FACILITIES**)

We all live for the moments when the hard work, danger and risk pay off. Because of the international recognition we received from participating in the Monte Carlo competition, I am proud to say that our company became a prominent brand in the field of fireworks and pyrotechnics. It also helped that my late brother, Jimmy’s son Phil came into the business in the mid 80’s and brought a fresh and modern approach as he introduced technology and the use of computer generated design and firing techniques in the choreography and exhibition of our fireworks shows.

Owning and operating a business takes tremendous amount of risk, courage, patience and tenacity, especially in a family owned and operated business. When all of the key members of a family are involved in being responsible for one revenue stream, there is little room for failure-there’s no real plan B. We realized this and although our collective goal was, is and will be, to remain in the fireworks business, it is essential for any business to diversify. We saw the handwriting on the wall. We had been through challenging economic times, times when fireworks were not necessarily in “fashion.” Times when tragedy not only devastated us emotionally, but destroyed our inventory, damaged our morale and almost completely cut off our source of income while having to deal with the government, insurance companies, and legal issues. We saw that regulations for our industry and product were getting tougher here in the United States. We knew we had dazzled the audience in Monte Carlo. We knew we had new technology to take our product farther than ever before, and we knew there had to be other outlets and audiences for, if I may say with all humility, our magnificent work. Being inspired by that phoenix that rose from its own ashes, and knowing the success we had in Europe, one logical step for the growth and diversity of our company was to go global and to become an international fireworks entertainment company. (**SLIDE 13-BEIJING**) We’ve done shows all over the world, from the Beijing summer Olympics to the jaw dropping display that celebrated the opening of the Atlantis the Palm Hotel in Dubai, and to this day, we have continued to dazzle audiences both in the United States and abroad. And by the way, in case you might be wondering, yes, that Dubai display was jaw dropping. (**SLIDE 14-PALM**) Considered to be the largest fireworks display the world has ever seen, it was choreographed and displayed from the Atlantis Hotel and 716 firing stations spread throughout the entire 6 ½ miles of the resort, echoing and celebrating the elegant shape of the palm itself, and yes, it was visible from outer space!! What a thrill **THAT** was, and what a choice time it was to be in the fireworks business! We had also experienced success while working with the military, and in 1995, we launched a new division called Pyrotechnique by Grucci, devoted to simulator pyrotechnics for the U.S. Department of Defense, and today it is considered a leader in its field.

(**SLIDE 15-REAGAN QUOTE**) Ronald Reagan said, “Entrepreneurs and their small enterprises are responsible for almost all the economic growth in the United States.” Angelo Lanzetta would probably be dumbfounded if he were to visit his heirs today, see what his entrepreneurial spark ignited, and visit our facilities and what we do. We have 5 locations throughout the continental United States, Hawaii, and the Caribbean, and we have 185 full time employees and a part time staff of over 400 pyrotechnicians…. probably more people than Angelo had in his entire village in the old country back in 1850!

(**SLIDE 16-RECENT FAMILY PIC**) So what does the future hold for the Grucci family and the continuity of the legacy? Both Donna and I have wonderful kids, but are they interested in coming into the business? It doesn’t seem so. As the leaders of the family’s firm, we are somewhat torn between the desire to have the next generation embrace the family’s legacy, but as parents, we also want our children to be happy and professionally fulfilled. My daughter Danielle has chosen to work in public service, and is currently ranked number 3 in the Suffolk County Department of Consumer Affairs. My son, Felix III, has chosen to go into medicine and is currently doing his residency in psychiatry in Tucson. Donna’s daughter, Danielle, is an attorney in Ft Lauderdale and her son Jeffrey has gotten his captain’s license and looks forward to a maritime career. Both Donna and I are thrilled that our late brother Jimmy’s son Phil has inherited the spark that began in Angelo’s eye, and apparently his children, Lauren and Christopher have demonstrated an interest to insure the Grucci lineage will continue for a few more generations of pyrotechnic wonderment.

So there you have it, our story of how one family created a business from practically nothing, faced trials, tragedies and challenges, and endured for 150 years. The story of our journey and legacy is special to us, and if we dig deeper, it can evoke conditions, problems and demands of maintaining any family business.

What are some of the challenges we face running a family business? **(SLIDE 17-BULLET POINTS)**

* Dealing with emotions and personalities between family members might need to be handled more delicately. All work colleagues should naturally be treated with respect, but with family there is the added concern of establishing professional boundaries and adhering to them
* As a family company grows and new blood is brought in, are the family members employed actually most suited for the jobs they are doing? How many of us have had to deal with covert or overt claims of **NEPOTISM**? Is your relative really the best and most capable person to execute the demands of his or her responsibilities? Are we really able to take an impartial look and assess performance as we would an outside hire? Have more qualified non-family members been overlooked for positions in your company in order that the job goes to or stays with, a relative? Will your company ultimately suffer for that choice?
* Members of a family business must be careful to do what is necessary to avoid being too **INSULAR.** With the majority of input and leadership coming from relatives who may have almost exclusively worked within the family business, sometimes a fresh perspective is needed.
* When it comes to **insuring succession**, does the next generation really feel the passion and responsibility and do they have the vision and tenacity required to grow the business for future generations, from the company you built or inherited? Is your business a prisoner of tradition, or are you able to adapt and evolve with the times?
* Have you always and only been involved in your family’s business? Do you personally have an honest evaluation of all aspects of your company’s place in your industry and market, are you able to step outside the context of the family business and take a somewhat dispassionate view of the company, its function, it’s position in relationship to the competition and how to infuse newness and innovation? Are you able to keep up with the times and trends of modern day business?
* Sometimes a family business, like mine, may have been started many, many years ago, with no formal corporate structure or clear statement of responsibilities. It may be structured in patriarchal or matriarchal model as opposed to a more formalized business hierarchy. Is the current framework of your company one that most effectively supports its success and continuity?
* And finally, what about finances and accounting? It’s your business and you may do with it as you choose, but there are certain pluses and minuses inherent in owning a family business. The good news is, it’s all yours. The bad news is, it’s all yours. While some people may (correctly or incorrectly) think that a family business is a neat way to shelter money and provide for the family, the other side is a massive sense of personal financial responsibility. As I said earlier, after the tragedy of 1983, my sister Donna and I had to risk everything we had-and I mean **EVERYTHING** to pledge personal guarantees to rebuild the business. We were lucky, and the risk worked for us, but other people in family business are not so fortunate-but that’s what families do-they risk their well being for their spouses, children and siblings.

(**SLIDE 18- WASHINGTON MONUMENT**) I am very proud of my family, the work we do and its legacy. I look forward to working with my sister Donna and my nephew Phil to insure the success and perpetuation of the Grucci Fireworks company for many generations to come and although my children and Donna’s children have chosen other career paths, they will hopefully be inspired by their family’s history of vision, belief in God, faith in each other and an incredible devotion to good hard work, creative problem solving and integrity. And let’s face it, if all else fails, and we are beset with the inevitable problems brought on by business, at least we have Danielle who might help us if there are issues regarding consumer affairs, Felix III can have an opportunity to work with us to heal any emotional scars, Donna’s daughter Danielle-it’s **always** good to have an attorney in the family, and Jeffrey, who can take us all away on a cruise!!

Thank you all for sharing this time with me and I wish all of you and your families only the best of success with your businesses!