

## Following her father's footsteps

After taking the lead from her dad, Ann Davis has poured her heart — and a lot of hard work — into Commonwealth Telephone Co.

by Rebecca Carter

**T**welve years ago, Ann Davis was a 22-year-old college graduate working to help reintegrate institutionalized patients into everyday life. She expected to remain in the health care field, following in her mother's footsteps.

That's when her father, Don Morley, made her — his youngest daughter — an offer she couldn't refuse. His offer and her acceptance created a 180-degree turnaround in her life, landing her in the vending and payphone businesses. In the beginning, Davis paid her dues behind the scenes, listening, learning and keeping the books.

"Dad had been in the coin-op vending business — cigarettes, games and music — for 40 years," Davis says. "When I started seeing things we could do to cut down on leakage and losses, I started getting into management."



▲ Ann Davis is always on the go, but we did stop her long enough to take this picture.

At that time, Davis was the only female in the company, and she had to learn a gentle approach to the tough business of working in an all-male environment.

"It was tricky," she says. "I didn't want to seem overpowering, being the boss's daughter and the only woman. I wanted to become friends and have fun doing business. It wasn't going to work otherwise."

In 1987, Davis and her father bought and installed a number of semi-smart payphones. This move, which led to the formation of

Malden, Mass.-based Commonwealth Telephone Co. Inc., seemed a natural extension of the vending business.

"In the early days, we thought that if NYNEX (then New England Telephone) charged a dime, and we charged a quarter, we'd get rich," Davis says. "This was the thought, not just in my company, but in all of the startup payphone companies back then. We had visions of grandeur. We had chalkboard revenue sequences that never happened."

Those early payphones quickly became obsolete, as new companies began making technological strides in payphone technology.

"We'd made a big investment, and we were stuck with the early ones," she says. Fortunately, a payphone manufacturer came out with a trade-up program that Commonwealth found helpful. The company retrofitted its original phones with new boards.

The payphone business began to grow, and Davis took on more responsibility. Her father began spending winters in Arizona. He continued in semi-retirement until his death in 1992. That left Davis running his share of both businesses.

"It was quite a handful," she says.

Her dad had a business partner who continued as Davis' partner for two more years. Then in 1994, she sold him her portion of the vending business and bought out his share of the payphone business. Her three older sisters became her business partners, making Commonwealth a rare, 100 percent female-owned payphone company.

Today Davis runs the business with part-time help from sister Barbara Terrasi. The other two sisters, Janet Doucet and Susan DeRosa, have financial interests but don't work for Commonwealth. The company operates 500 payphones in Massachusetts, New Hampshire, Vermont, Maine and Rhode Island and will soon place payphones in Connecticut.

### Hanging tough

Taking ownership of the payphone side of the business wasn't easy for the sisters. Davis says the company had many hurdles to overcome.

"At the time when I bought out the partner, the industry was going nowhere," Davis says.

"NYNEX was charging 10 cents for calls, but costs to us were so high that we had to charge 25 cents. People didn't notice or didn't care that LEC payphone rates were kept artificially low, while residential and business rates kept rising. They just knew our payphones as 'those quarter phones!'"

"We had to pay 34 cents for each directory assistance call, and, of course, we didn't get any revenue from credit card calls. Then, on top of that and high line charges, we had to pay 5 percent of gross coin revenues as taxes. That was all our profits. We spent years dealing with that. We always had a good time, but we worked all week, and the state took all the profit."

Davis often found it difficult to win locations away from the LEC, because location owners didn't want to replace LEC payphones that charged a dime with independent phones that charged a quarter. Even though they had to charge more than the LEC for local calls, Commonwealth always kept long distance rates reasonable and never added surcharges.

Times continued to be lean for several years, as payphone associations throughout the country fought for greater equity with LEC payphones. Davis and her sisters and employees held on.

"I always knew there would be a time like today when there would be a level playing field," Davis says. "It just happened in October, and it's a huge accomplishment for our industry. NYNEX is now charging a quarter. We are, too. We haven't raised our rates at all."

Davis also had a hard lesson to learn about payphone fraud. She vividly remembers receiving phone bills with charges for \$100,000 to the 809 area code. Because there was no blocking in place, people found a way to get through the net-

work, dial the Caribbean and have the operator bill the calls back to the line. After sweating it out, Commonwealth managed to get through the episode without liability for the calls.

Despite the tough years, Commonwealth has grown to 500 payphones with nine employees, including the two working partners. They do all their own work from an office in Malden, a 15-minute drive north of Boston.

"Getting loans and making purchases, not knowing how things would work out, hoping we could afford the payments — it all took guts," Davis, now 34, says. "Even getting a line of credit, I'd wake up at night wondering if I'd be able to pay it back. Taking on a new employee, I'd be afraid I wouldn't be able to give him years of work."

"I've always worked hard over the years, and I've cared. I never had any formal business education, but I always knew the difference between right and wrong. I knew that if you respect someone, you'll get respect back."

Davis' devotion, and that of her sisters and employees, began turning the lean years into fatter ones after several years. They expect their faith and hard work to continue paying off.

"We'll always keep growing," she says. "We've always grown, and we'll just keep growing."

## Respect for one another

In addition to the hard work and devotion Davis and the employees have invested in the company, there has also been a history of mutual admiration, caring and respect that has been shared between Davis, her employees and their customers.

"I feel that if my employees are happy and well taken care of, the customers will be happy, and we'll be successful," she says.

Davis is understanding of employees' personal needs, such as when time off work is needed to care for sick children. She also gives her employees the option of driving company vehicles home at night, a real advantage for those employees who live up to 40 minutes from the office.

"It works both ways," she says. "If something happens at 5 p.m. on Friday, they'll be there for me. Our success is a combined effort of all the employees and my partners working together. My service manager, Paul Morley, is a big part of the company. Everybody is. I couldn't do it without them."

To show appreciation, Commonwealth sometimes closes its doors and takes its employees out for an afternoon of play.

It's a happy gang at Commonwealth Telephone Co. From left are Michael, Ann, Paul, Sal, Janet, Barb, Ethel, Peter and Dave. ▼



“We have golf outings, then dinner and drinks, all on the company,” Davis said. “And we give everybody T-shirts and jackets with the company logo.”

Commonwealth also provides its employees with full health insurance for employees and their families, along with other benefits.

Davis has supported the American Public Communications Council Inc. (APCC) from its inception. She appreciates the APCC’s help and support, and she also enjoys taking part in the New England Public Communications Council (NEPCC) and serves on the board of directors. When it comes to competition, Davis sees only friends.

“In NEPCC, I get to see my competitors a great deal,” she says. “I respect them. I would never say a negative thing about them. We’re all successful. We have a great name and a great product.”

### Good citizens

Part of maintaining that great name and great product is taking an active role in Commonwealth’s home community. In addition to having membership in the local chamber of commerce, Commonwealth also supports a number of local charities and causes, such as Little League, People About Recreation for Kids (PARK), the AIDS Foundation, the Muscular Dystrophy Association, the Cam Neely Foundation, which provides housing for underprivileged children, and the American Cancer Society.

“Every year, we know spring is coming when we get a big armload of daffodils from the American Cancer Society,” she says. “The flowers are the society’s way of saying thanks for contributions.”

The company’s community efforts and business strategies have garnered some media attention. *The Boston Globe* ran an article about the company, and someone at Merrill Lynch read about the woman-owned corporation and nominated Davis for *Inc.* magazine’s Entrepreneur of the Year in 1996.

Davis also has experienced great success in her private life. She and husband, Randy, were



▲ The “High Handicap” company squad includes (from left) Paul, Barb and Dave.



◀ Peter loves counting coin, although he admits that it can be a never-ending battle.



▲ If you want a smile out of Michael in the early hours of the morning, you have to deposit 25 cents.

married in 1989. They grew up in the same town, and she went to school with some of his younger brothers. She met Randy, a commercial building contractor, after she graduated from college. They live in the coastal community of Ipswich, and both love get-up-and-go activities.

“We enjoy motorcycles,” Davis says. “You’d never know it by looking at us — no long hair or tattoos — but he has a Harley, and I have a Honda.”

They also play golf and take their travel trailer to a lake in New Hampshire, where they camp, water ski and fish. She enjoys working out, and he is an avid fisherman. Between her active private life and her dedication to Commonwealth, Davis says she stays pretty busy and fulfilled.

“I think the way we operate — the whole general scenario — the fun we have and the way we do business is satisfying,” she says. “And the way we place payphones — it’s like a game of chess. You have to place them strategically in order to succeed.” ■

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