

Business partners find a way to Give Something Back

Company hands profits to charity

Tony Cooper, Chronicle Staff Writer
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Buddies Mike Hannigan and Sean Marx were working out in a San Francisco gym one day, and in between exercises, tossed around the idea of starting a business.

Marx figured that like himself, Hannigan yearned for a wildly successful enterprise, drawing paychecks with many zeros on them and kicking would-be competitors in the teeth. But there was one footnote to the plan: Hannigan intended to give the money away.

"When Mike first gave me the idea, I thought he was crazy," said Marx. "Why would I bust my butt to grow a company and donate everything we earn?"

Fast forward 12 years and no doubt many in the business world would ask the same question. However, Hannigan is showing that the wiring in his brain wasn't faulty, because the Oakland company he and Marx formed -- Give Something Back -- has been a smashing success. And the company continues to grow, even in these iffy economic times.

Give Something Back sells office supplies, competing with heavy-hitting corporate giants such as Office Depot and Boise Cascade. True to Hannigan's vision, GSB donates its after-tax profits to a variety of community organizations in Northern California. Since its inception, the company has donated more than \$2 million to charitable causes, using Newman's Own food products as a model and inspiration.

Founded in 1982 by actor Paul Newman, Newman's Own has given \$125 million to charity, all from post-tax profits.

In 2001, GSB wrote checks to the tune of \$405,856 to organizations ranging from Big Brothers Big Sisters to Tri-Valley Animal Rescue. GSB gave away \$408,000 last year, and expects to go well beyond that in the future.

Since GSB's humble beginnings of Hannigan making sales calls from his living room -- Marx and Hannigan plunked down \$20,000 each from their savings to launch the firm -- GSB has been doubling in size every two years and now does national business. The company grew 10 to 15

percent in 2002, which Hannigan called a slow year.

There is plenty of cash to be made in the office-supply business, too. Hannigan says it's a \$250 billion industry, \$7 billion in the Bay Area. Give Something Back is getting a burgeoning piece of the action and wants a lot more.

"They're a model of what corporate America could be," said Sue Collett, executive director of the East Bay Agency for Children in Oakland, which has received annual grants from GSB since 1997. "I'm impressed by their commitment to give back to the community. All the stuff they say they do, they really do it . . . they're for real."

Neither Marx nor Hannigan has a title on his business card. Step into Hannigan's modest office, and you'll see an Amnesty International bumper sticker on his computer. On one wall are two replica posters advertising a 1968 concert at the Fillmore featuring Jimi Hendrix, Bo Diddley, Big Brother and the Holding Company, among others. Talk about the anti-Larry Ellison.

Hannigan, a 53-year-old graduate of Concord's Ygnacio Valley High School with a UC Berkeley master's degree in criminology, says when people ask what he does for a living, he tells them he's a community activist.

Marx, a 37-year-old Cambridge, Mass., native, said: "We feel good about doing the right thing and building a business. Everyone says, 'Why in the world would you do what you do?' Our perspective is, why wouldn't you want to do it (this way)?"

Which nonprofits receive money and how much they get are determined in an electionlike process. GSB customers, employees and Marx and Hannigan nominate agencies (an organization can nominate itself, as well), and those names are placed on a ballot. Grants are given on a proportional-vote basis.

The folks at GSB can talk about altruism and helping others all night long, but the fact is if it didn't provide good products and services and satisfy customers, the philanthropic mission wouldn't mean a thing.

"As a business, they've taken good care of us," said Dusty Gipson of Genitope, a gene therapy cancer research company in Redwood City. "They don't feel the need to be pushy. They know what they're doing is a good thing, and they will sell. In the end, everyone is benefiting."

They have been recognized in the industry. In November, GSB was named Outstanding Corporate Grantmaker by the Golden Gate chapter of the Association of Fundraising Professionals.

Hannigan has what he calls "lifetime interest in community work." His parents were ardent anti-Vietnam War protesters, and he picked up the same leftist leanings. Though he wasn't on the stereotypical management track, Hannigan started out at Xerox as a credit representative ("I called people to tell them we owe you money," he said), then moved on to several other business- products

companies and was climbing up the corporate ladder.

Marx, a graduate of Occidental College in Los Angeles, said he "went to college in the late '80s, the height of the yuppie generation. My friends were all focused on monetary wealth -- 'How quickly can I get rich?' "

And Marx was right there with them. He began with Ricoh as a sales representative, making six figures when he was in his early 20s. But Marx says the dash for cash eventually turned him off, uncovering his dormant concerns for community issues.

Marx and Hannigan, both of whom live in Berkeley, didn't hesitate when asked their salaries: each made \$96,000 last year. And while this wage will certainly keep them out of food banks, they say they could make 25 percent more at a similar job with another company.

"I wish more (companies) would adopt the philosophy, 'We're all in this together,' " said Collett of East Bay Agency for Children. "I don't know any other company as deeply committed to philanthropy. To be that dedicated and successful . . . I've never seen that."

Get in touch Actor Danny Glover will be the guest speaker for Give Something Back 4-6 p.m. Feb. 3 at the Rotunda Building, 300 Frank Ogawa Plaza, adjacent to City Hall in Oakland. Contact Give Something Back at (800) 261-2619 or visit www.givesomethingback.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2003/01/17/WB166100.DTL>

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