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Serial entrepreneur won't waste time resting

He may have founded BFI and 13 other companies, but Tom Fatjo still has to take out the garbage

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Michael Stravato/HBJ

Tom Fatjo of WCA Waste Corp.: 'It does give me a lot satisfaction to know that you can start from scratch and end up with a real, viable business.'

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Houston entrepreneur Tom Fatjo Jr. has built 14 companies, including waste management giant Browning-Ferris Industries Inc. and The Houstonian Hotel, Club & Spa, but now he's turning his attention toward building a \$50 million resort in the Texas Hill Country.

The local businessman has been instrumental in building multimillion-dollar companies, five of which went public, but childhood memories of summers in Hunt are what have inspired Fatjo to build a 548-acre development that will be more similar to The Houstonian than his summers in crowded camp cabins.

Stablewood Springs Resort, located along State Highway 39 in Hunt, will include 70 residence villas highlighting views of the Texas Hill Country valley.

Fatjo, who is currently the CEO of Houston-based WCA Waste Corp., is also planning to build a 15,000-square-foot lodge featuring a fitness center, four-star restaurant, spa, swimming pools and event facilities at the resort.

About 300 acres of the compound will remain undeveloped and offer access to the Guadalupe River, and guests will be able to access that land for recreational activities including hiking, biking, jogging, kayaking and swimming.

In an interview with the Houston Business Journal, Fatjo discusses his plans for the resort, his strategy for building businesses and his passion for the waste management industry.

HBJ: You've started at least 14 businesses in the finance, health care and waste management industries. Why are you building a luxury resort in Hunt now?

Fatjo: It's a personal passion. I've identified with the area since the 1940s, and the Hill Country and the area west of San Antonio is one of the best real estate markets in the country. Just because I'd want to build a resort is not enough -- demand has to be there. There are literally 8,000 families that will have to drive by the resort because they have no other way to get to the camps out there, so I think there is a 50-plus-year build-up of individuals who have a desire to invest in or own a place there.

I want to personally enjoy it myself with my family (a wife and six kids) and provide all of the activities we would not be able to enjoy if there were not a resort there.

I believe many Texas grown-ups have a very strong desire to return to this area and share their fondest memories with their own families, but until now the area has not offered the type of first-class facilities that would make it a year-round resort and second-home destination.

HBJ: How far along are you with the construction of the resort?

Fatjo: We've built the entire infrastructure and will be starting construction on the villas by the end of the year. The resort will be a combination of a lodge, spa and villas, and we're going to take our time because I feel like it's sort of a work of art. So rather than just build it rapidly, it will probably take three years to complete our plan.

HBJ: Do you get any sort of thrill out of starting a company, watching it grow, and then moving on to another company?

Fatjo: I have a real desire to create and be part of a business, but I do get a lot of satisfaction out of watching a company grow.

Five years ago, there was nothing but three to four people at WCA Waste Corp., and today I'm the CEO of a company that employs approximately 800 people and operates in 11 states throughout the country. It does give me a lot of satisfaction to know that you can start from scratch and end up with a real, viable business.

HBJ: Five of the companies that you've started have gone public. Has that been a goal for you?

Fatjo: Well, the first one that I was involved in taking public was BFI, and that was something that happened naturally. It was access to the public money markets or access to capital, and since all the businesses that I have taken public have been somewhat capital intensive, the access to the public money markets has been important. It wasn't so much that having a publicly held company was a goal, but the access to capital markets in order to have growth capital.

HBJ: How have you had such success with getting access to capital markets?

Fatjo: To sound somewhat patriotic: This is a great country, and it's a capitalistic system, and good projects and good businesses almost always are able to access capital. It's the environment that we live in. It's not so much that it's a personal capability or personal characteristic of mine as it is that as businesses thrive and are started, there are individuals or institutions that want to invest in them.

HBJ: You're credited with turning garbage disposal into an integrated/organized business. How do you feel about that?

Fatjo: It's nice. I'd like to say I had a plan for that, but again it was just something that evolved. It was all about timing. I started BFI with one truck in Houston in 1966, and it was a time when the federal government was changing regulations and disposal went from operations of literally garbage dumps to sanitary landfill. This changed the economics of the business considerably and happened throughout the country overnight and therefore made the timing really right for developing a national company to deal with the new environmental regulations.

I'm not so sure that we transformed the industry as much as we were part of the growth curve when the industry was being transformed.

HBJ: You've mentioned timing a couple of times, how important has timing been to the success of your businesses?

Fatjo: Some people talk about luck. It's not a big word in my vocabulary, but I will say good timing opportunities are really important.

BFI is a good example of good timing because I became involved in an industry just as it was evolving and I was smart enough to put together a good management team to expand the company and take it public at the right time.

The Houstonian, Hotel, Club & Spa is another good example because I purchased the land for it in 1977 and it opened in January 1980. The real reason for The Houstonian was the emphasis on health and fitness. I can remember in the mid-1970s you could go to Memorial Park and jog and you wouldn't see anybody, and today you go out there in the morning or the afternoon and see literally hundreds of

people. The Houstonian was on the cutting edge of a major emphasis in this country on health and fitness.

And, of course, Stablewood Springs Resort is another illustration of timing, which is what is influencing me to do the development. When you look at the fact that you have a large number of families that have been going there for over 50 years and add the fact that a larger percentage of baby boomers are in the market for a second home, the timing is really right to develop a resort there.

HBJ: Do you keep track of all the businesses that you've started?

Fatjo: Obviously I think about them in a nostalgic way, but I don't necessarily keep close track of them. I think an important thing about a business is for it to take on a life of its own, so once I'm no longer involved, I stay acquainted, but I don't stay intimately familiar with them.

BFI and Republic Waste, which I started in 1990, are two of the companies that I stay acquainted with, but not intimately. Some of the companies have been consolidated, one of the waste management companies I started was acquired by Waste Management, and most of the banks I was involved in have been merged with larger financial institutions.

HBJ: Why do you think Houston has emerged as such a hotbed for waste management companies, with BFI, Waste Management and Allied Waste all being started here?

Fatjo: It's not anymore complicated than they started here because Houston is where the founders lived at the time.

The business climate in Houston is excellent. I went to Rice University and started working in 1960, and there was such an impression made on me that the successful businesspeople were so helpful and so encouraging to young people. The founding fathers of Houston weren't possessive of their success, they tried to evoke and share their success.

Walter Mischer Sr., one of Houston's best-known real estate developers and banking investors, who recently passed away, stands out in my mind. I met him in 1969, and the reason I smile is because I had bought a fairly large tract of land for a landfill and didn't know he was doing a residential development adjacent to it. He called me for a meeting and he told me it was not a good idea that I do this landfill near his development because people don't want to live next to a landfill. He went on to say that he just had to tell me that if I was going to do it, he was going to oppose me the entire way.

That would have been it for most people, but he took the time to recommend another tract of land. I ended up moving the landfill to the tract he suggested, and BFI still operates it along McCarty Road, and it's one of most successful landfills in the country.

HBJ: Your quote, "I remember committing to making it in the garbage business, Whatever it takes!" is published in many motivational books. What did you mean by it?

Fatjo: I think it's such an important part of business that once you make a decision, to move forward in it and be committed to it. "No reconsideration" is my rule because there are so many opportunities to decide to not move forward. And if you let yourself even consider that, you're not going to move forward.

I developed the 10-step creative enterprise process while sitting in a BFI board meeting one day by jotting down what I thought were the important steps that we had gone through for BFI to be successful, and I use that process when starting and running any business.

HBJ: What keeps you interested in the waste industry?

Fatjo: It's so basic. The collection of garbage is a very menial task. It keeps me in tune to reality because there isn't any way to be in the waste business and not get your hands dirty.

Of course, success makes you enjoy what you're doing, but from the very first time I drove the first garbage truck, even though I was a CPA at the time, I just enjoyed the basic task of collecting garbage. It always reminds me of the importance of staying grounded as an individual.

HBJ: Do you take your trash out at home?

Fatjo: I do. On a humorous note, I have a place in Galveston, and they have big wooden bins that hold the garbage cans. Inevitably, garbage gets in the bins and misses the cans, and it makes a terrible mess after it's left there for a period of time. The only way I could get it cleaned was to lean over and get inside of it, and my oldest son came by and couldn't believe I was in there.

HBJ: You are 66 years old, are you close to retirement?

Fatjo: Not by my plans. I enjoy working, I really do. One of the more famous NFL quarterbacks, Roger Staubach, used to talk about the fact that you're only as good as your next game -- and I really look at business like that.

As long as that next game can continue to be a good one, I'm going to play it as hard as I know how to play it. When does the last game occur? I'll let God answer that question.

HBJ: You're involved in both The University of Texas and Rice University athletic programs. Who do you cheer for when they're playing each other?

Fatjo: I went to Rice, so I cheer for them, but my entire family went to The University of Texas -- including my father, two kids and my wife, and I have a son planning to go there -- who are all big fans.

I'm a UT fan because I had a partner when I first started in accounting who is the biggest UT fan that I've ever known, and he always talked about how hard he worked and said he was going to have a heart attack and die at 31, and incredibly, he did. I felt like I should do something on his behalf, so I started the Darryl Royal President's Cup (named after a former UT football coach) to raise money for the football program in his honor. It isn't hard to want to be involved with a winner.

HBJ: You have run nine Boston Marathons. How did you get involved in running?

Fatjo: By time I was about 34 years old, I felt like I was 65 because of all of the traveling involved with development of BFI. I went out to walk or jog, and within months I felt a lot better. I became addicted to running, and I've run 35 marathons.

HBJ: You're married with six children, how do you find time to balance your work and family life?

Fatjo: I do it better now than I did in my 30s. At this point, I only really do two things: Follow my children's sporting events -- four children still live with us -- and work. I enjoy them both, and my Saturdays are now full.

I don't have to travel as much today as I did earlier, therefore the opportunity to have dinner with my family is great. I get a real satisfaction out of watching these guys grow. It's almost like anything in life, it all has to do with priorities.

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