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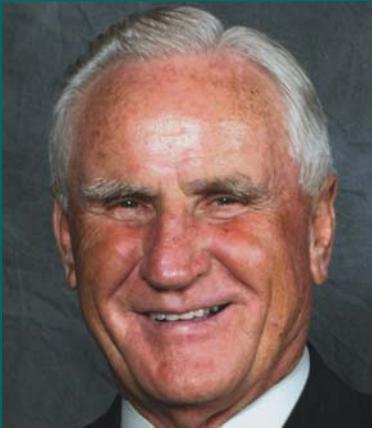
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**PREMIERE
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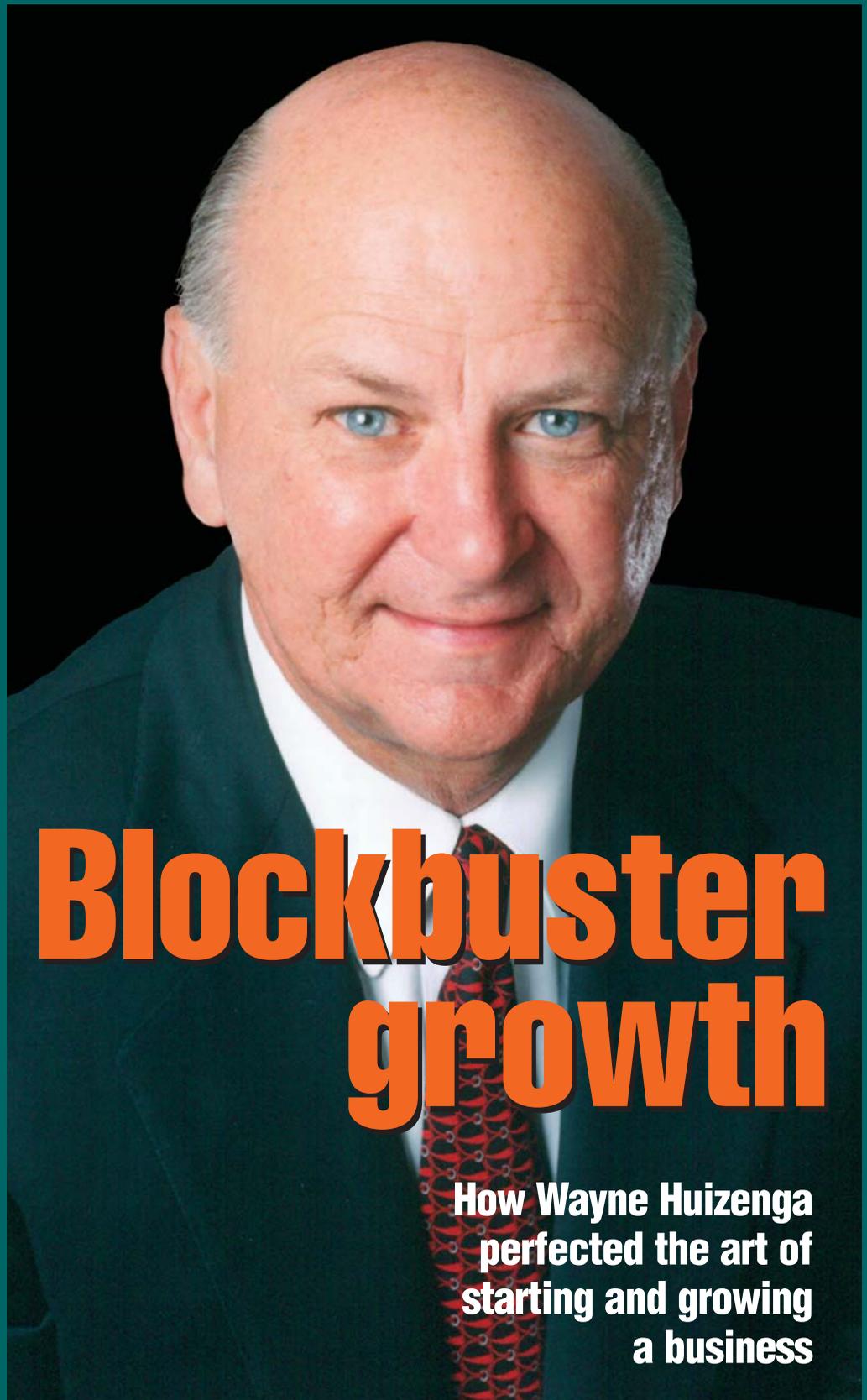
How Don Shula wins off the field with his Shula's steak houses

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Jack Welch on what it takes to be a winner



Blockbuster growth

How Wayne Huizenga perfected the art of starting and growing a business



Blockbuster growth

How Wayne Huizenga perfected the art of starting and growing a business

BY DANIEL G. JACOBS

Wayne Huizenga is an entrepreneur and company builder who has found success on a grand scale.

He led six companies to be listed on the New York Stock Exchange — with three of them achieving *Fortune* 500 status — was the first person to own three major sports franchises at one time, propelled unknown companies to become household names and was recently named the 2005 Ernst & Young World Entrepreneur Of The Year.

Despite the fortune he has amassed, the 67-year-old billionaire says it's not about the money — it's about the

excitement of building something.

"I don't do this for money," says Huizenga, who chairs Ft. Lauderdale-based Huizenga Holdings and owns the National Football League Miami Dolphins franchise.

"It's the challenge, it's the excitement and it's the ability to put something together to let other people make money. All the jobs that we've created, all the companies that we've created — a lot of people have made a lot of money."

Huizenga has found success by recognizing opportunities, moving quickly to take advantage of them and putting the right people in charge.

“ I know there are a lot of things I’m not capable of doing, but that doesn’t stop me from hiring the right person who can get it done.”

Wayne Huizenga, chairman,
Huizenga Holdings

Building momentum

While still in his 20s, Huizenga convinced the owner of a garbage hauling service to sell him a truck. Huizenga parlayed that one garbage truck and the score of accounts that came with it into Waste Management Inc. and grew it into the largest waste management company in the country in less than 10 years.

With Waste Management, “We made small acquisitions in different states,” Huizenga says. “It was just easier, faster and cheaper to go in and buy out a guy who was already established in a market, even if he was very small. Then we’d hire a bunch of salespeople to go out and do the internal growth.

“The plan was always to have internal growth, but in order to get internal growth growing quickly, it’s sometimes easier to go ... into a certain market and buy out a guy who had three or four trucks, and then you’d say, ‘OK, let’s grow this business now.’”

During one nine-month period in the early 1970s, Waste Management bought 133 companies. By 1981, it was the largest waste disposal company in the world.

Blockbuster Inc., on the other hand, was built mostly from scratch because at the time, there were no chains to buy. When Huizenga and his investors bought into the company in 1987, Blockbuster had 19 stores with \$7 million in revenue. When he sold to Viacom in 1994, it was a \$4 billion enterprise with more than 3,700 stores in 11 countries.

Looking for a new endeavor, Huizenga recognized the opportunity to provide better service and better offerings than the mom-and-pop video stores were providing, but it meant acting quickly to seize the best locations to make customer access easy and to maximize visibility.

“In a Blockbuster video store, there is nothing proprietary,” Huizenga says. “Anybody can go open a video store anywhere, any time. If you want to have the best locations in a given market, you want to move quickly to tie up those locations.

“You don’t want a competitor to take the best location. The reason for moving quickly is to tie up the locations.”

Huizenga also created AutoNation, the first nationwide auto dealer. He devel-

oped a one-price strategy, hired management with the expertise to run the company and grew it to be the largest auto dealership in the nation, with more than 400 franchises in 24 states.

He also formed the company Extended Stay America with an associate. In its first year, it opened 62 locations. The idea was to provide a no-frills service for people who needed to stay more than a few nights at a hotel.

The rooms come with a complete kitchen, but properties have minimal lobby space, and sheets are only changed twice a week to cut costs. When it was sold in 2004, Extended Stay America had almost 500 hotels in 42 states.

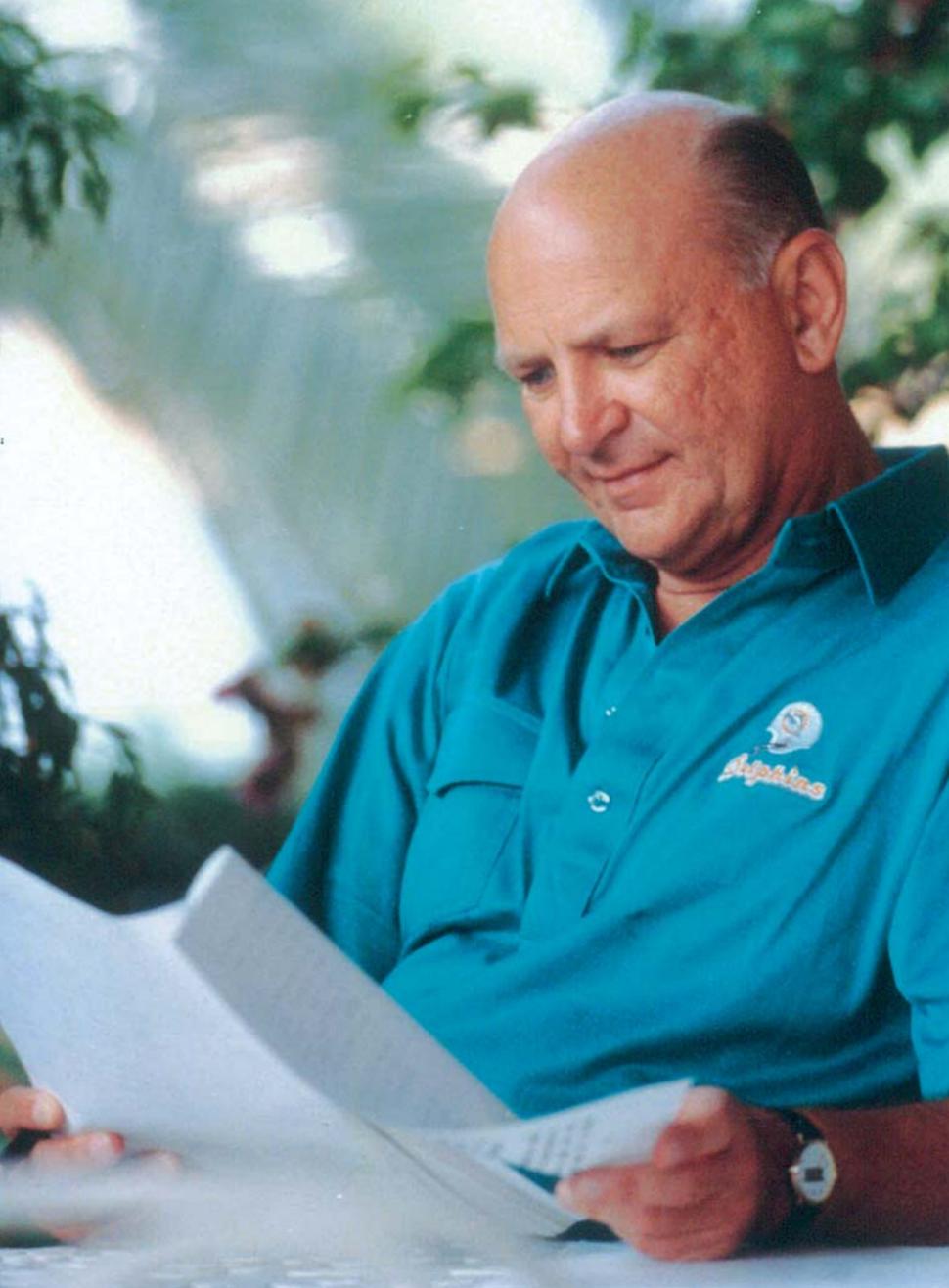
“Extended Stay America was fun because (we were) starting a new concept,” Huizenga says. “There were no extended stay hotels; there wasn’t anything like what we were doing. A lot of people were skeptical. We had to convince Wall Street that this was the way to go. That was a different challenge.”

Building a team

Huizenga says that he could never have achieved such success without the right managers.

“The most important factor is people,” Huizenga says. “We hear it said all the time. It’s said so much that it goes in one





ear and out the other. But really, people are the name of the game. That's really the secret."

It's so critical that Huizenga repeatedly employs trusted veterans in new ventures. George Johnson, a franchisee and later president of Blockbuster Video, became a partner in Extended Stay America. Another Blockbuster veteran, Steve Berrard, heads Huizenga Holdings' latest venture, Swisher.

"If you make a mistake, you probably won't know you made a mistake for a year, a year-and-a-half," he says. "Then you have to quickly correct that mistake. Now you're behind the eight ball because you've lost a year-and-a-half. Then you have to change culture and all that kind of stuff again."

So Huizenga is very careful about who he brings into a company.

"Everybody I hire is smarter than I am,"

Huizenga says. "A lot of people don't want to hire people that are smarter than they are. I know there are a lot of things I'm not capable of doing, but that doesn't stop me from hiring the right person who can get it done.

"So, I've never been frightened by hiring people who are more intelligent than I am, that are smarter than I am. There's a difference between being intelligent and being smart. People have to have both."

And, of course, there are the requisite people skills.

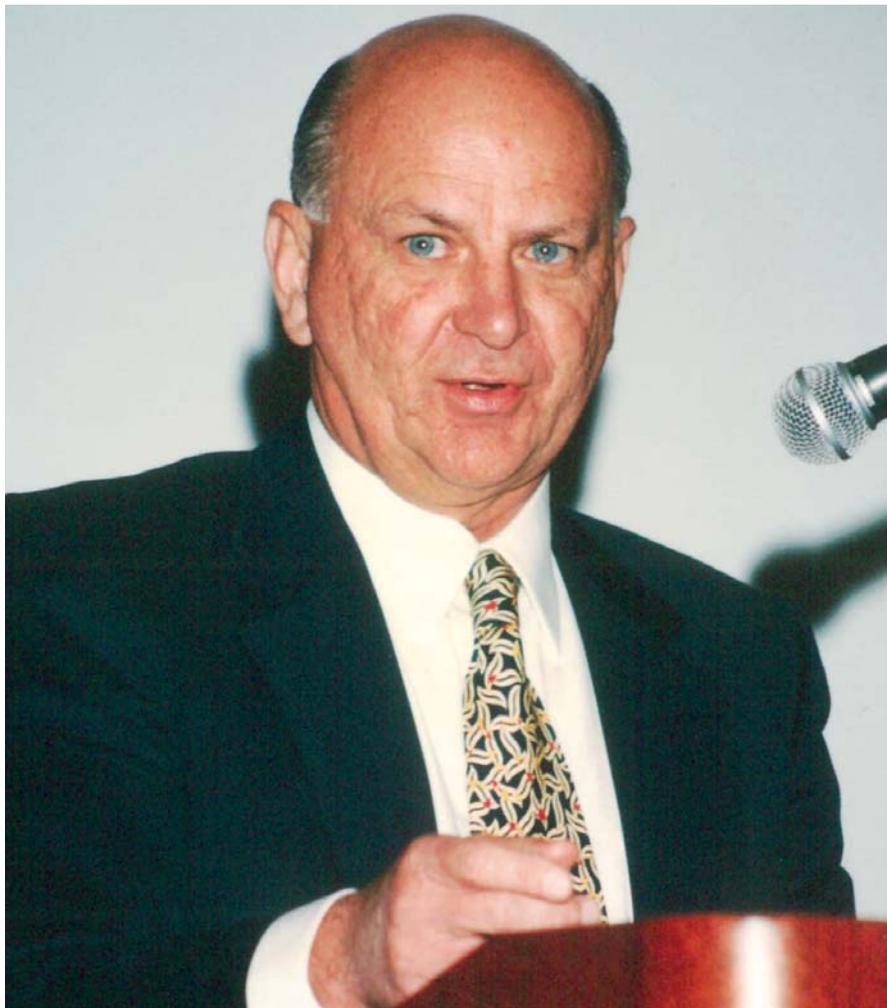
"Leadership is the key," he says. "You don't have to know anything about the business. We've been in a lot of businesses that we've never been in before. (We) still built them up, and then you've got to hire the right people — like Mike Jackson (chairman and CEO of Auto-Nation) to come in. I could not do what

“You just love the action; you love being in there making things happen, especially when people say it won't work. When people think it won't work, there're more opportunities.”

Wayne Huizenga, chairman,
Huizenga Holdings

“To me, leadership is about finding the right people and convincing them they should jump on and follow the dream and make it happen.”

Wayne Huizenga, chairman,
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Mike Jackson does. He knows more about the car business than I do.

“The best thing I could do was hire Mike Jackson.”

Jackson was an auto industry veteran and a great fit to lead AutoNation with his experience as managing partner of a group that ran 11 car dealerships before being named president and CEO of Mercedes-Benz USA. He had the hands-on management experience at the franchise level, plus the big-picture auto industry corporate experience necessary to run a public company.

Rental power

Huizenga has always gravitated toward service-oriented businesses with rental incomes. There are a lot of upfront costs for things such as garbage trucks and Dumpsters, but no one is going to run out of garbage any time soon.

“We like recurring revenue,” Huizenga says. “Before we look at the company, we look at the industry to see how big the industry is, how big could we be in that industry, if we were the first or second or third largest in that industry, what could or would our revenue be. That’s

really how we start to determine whether we want to be in that industry or not.

“Then we’ll take a look at the company and see how many companies we can start with.”

It wasn’t always easy to get everyone to buy in to that concept. Even the sophisticated investment community didn’t understand the Blockbuster idea; Wall Street kept insisting it was a retail concept.

“When you go in a store and buy a shirt, then that shirt has to be replaced on the shelf,” Huizenga says. “It’s a white shirt with a certain length sleeve and a certain collar size. You’ve got to keep the inventory just right.

“In the Blockbuster business, you rented the video, and two days later, the guy brought it back — and you rented it again. It doesn’t take long to figure out how many times you have to rent it before you got your money back.

“All these retail guys that followed Blockbuster, they couldn’t figure that out at all. It was a whole new model that they had to come up with. We had to work with them to convince them of the

The Huizenga file

model. Once they caught on, then it was good for us. Our stock went up 4,100 percent in seven years. Everybody made a lot of money in Blockbuster — all the employees, all the shareholders made a ton of money.”

His current company, Huizenga Holdings, is using the same formula for success that he’s always used. He’s looking for small companies that can be grown into industry giants.

“We’re doing entrepreneurial things,” Huizenga says of Huizenga Holdings. “We’re buying all kinds of things; most of them are private companies, so we don’t have to talk about them. One of the companies we just bought is a company called Swisher. They’re based in Charlotte. It’s back to the rental thing again.

“If you go into a bathroom in any business or restaurant, there are toilet paper holders, towel holders, air fresheners, soap dispensers — we install those and rent those. Once a week, we come and service them.”

And once he builds the business, he may get out of that one, as well. Huizenga tends to move on once most of the growing is done.

“It’s not the maintaining,” he says, “it’s the starting; it’s the building; it’s the growing. My wife calls it the chase. You just love the action; you love being in there making things happen, especially when people say it won’t work.

“When people think it won’t work, there’re more opportunities.”

Where there is the potential for exponential growth, you’ll probably find Huizenga right in the middle of it, trying to figure out how to take the company to the next level and looking for the right manager who can move quickly to get the job done.

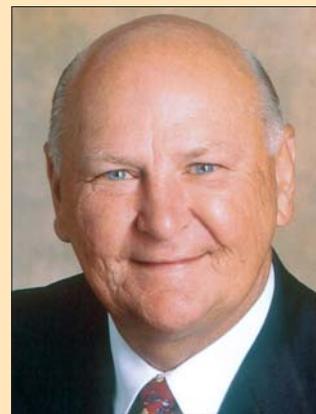
“I like the challenge of building and growing and putting the organization together, putting the right people in,” he says. “To me, leadership is about finding the right people and convincing them they should jump on and follow the dream and make it happen. That’s the fun part for me.

“I’ve been very, very lucky to be able to find the right people along the way. You can’t do it by yourself.”

Born: Dec. 29, 1937, Evergreen Park, Ill.

Education: Pine Crest School, a year-and-a-half at Calvin College (in Grand Rapids, Mich.). I was there about a year-and-a-half, and I came home at Christmas.

I told my parents, ‘I don’t want to go back. I’m going to take the next couple of months off. Then I’m going to go to the University of Miami. It’s too cold in Grand Rapids, Mich.’ (He never made it to UM, but went into the garbage business instead.)



First job: Pumping gas at the gas station after school. It teaches you how to work with customers. It teaches you responsibilities you have as an employee. You learn everything along the way. No matter what you’re doing, the big thing is dealing with people.

What is the greatest business lesson you’ve ever learned?

I wouldn’t call it a lesson, but the biggest thing I’ve learned along the way is the ability to work through people. When I was at Waste Management early on in my career, we operated businesses in London, in Saudi Arabia, Venezuela, Argentina, Hong Kong — all around.

When you have businesses that are far-flung, you have to do it in a formalized fashion. Then you deal a lot over the telephone. You have to have the ability to connect with people that are distant and have the confidence that you can work through those people, because they are the ones out in the field that have to make it happen.

That is what gave me the confidence early in my career to go out and do a lot of different things — as long as you had the right people doing them.

What is the greatest business challenge you’ve faced and how did you overcome it?

Early on in my career, dealing with Wall Street was different. When we were in the garbage collection business, people always said the garbage collection business was Mafia. Maybe, and I underline maybe, it was in New York and New Jersey.

It wasn’t where I started. And it wasn’t in Chicago. So, when we went public, we had to convince Wall Street that we weren’t part of the Mafia. That was a hard task. As time went on, it became easier and easier and easier.

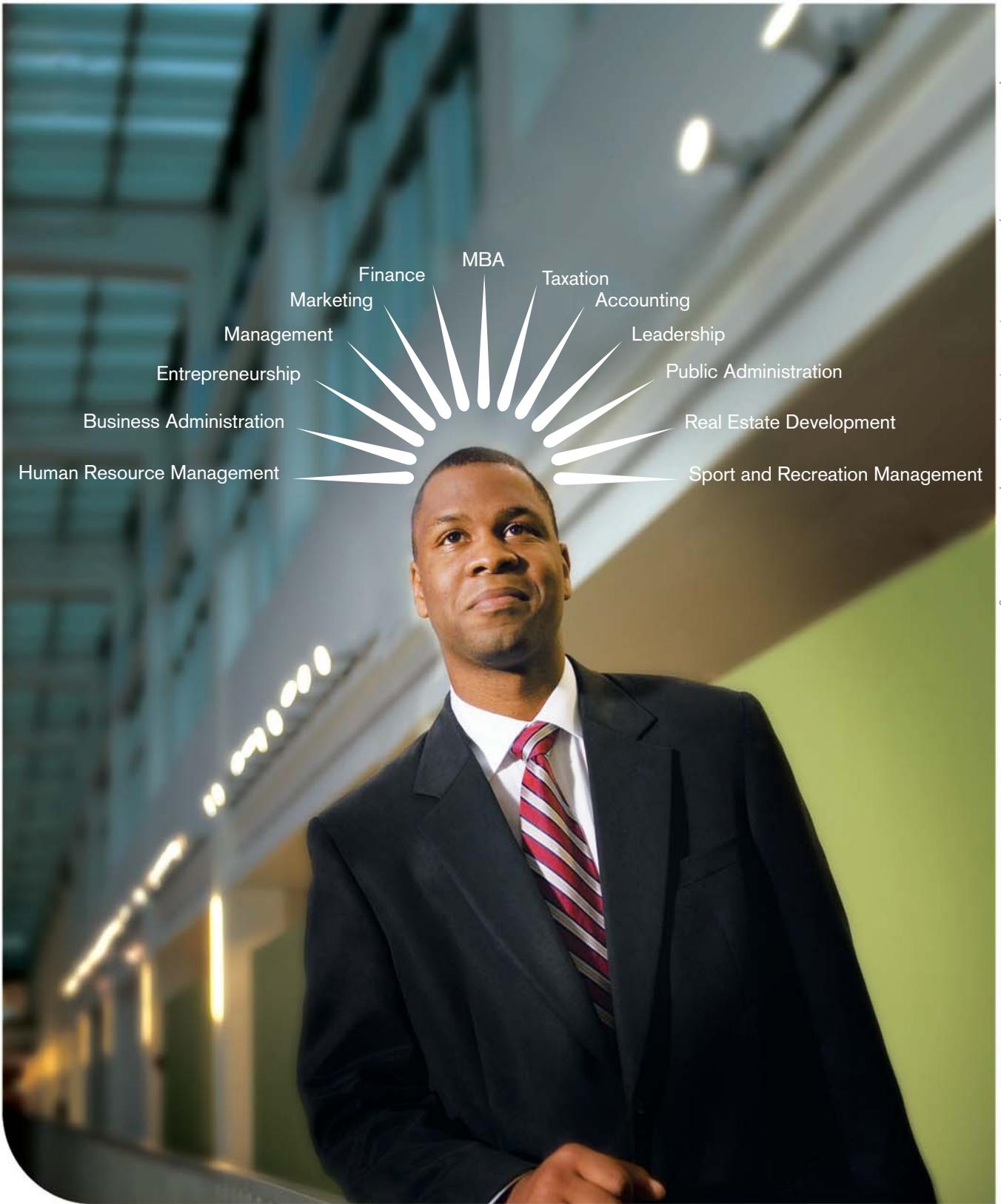
After you have a couple of successes, Wall Street jumps on your bandwagon real quick. So, it was pretty easy after that.

Whom do you admire most in business and why?

I admire a lot of people. I admire Dean Buntrock, who was my partner at Waste Management. I admire George Johnson from Extended Stay America. He’s a great entrepreneur.

I like Jack Welch a lot. One of the guys I think is a really good executive is Riley Bechtel from Bechtel (Group Inc.) out in San Francisco. Bill Esrey (former Sprint CEO) was a great business guy at Sprint.

HOW TO REACH: Huizenga Holdings, (954) 627-5000



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