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## Jim Barnes

President and CEO  
Oakleaf Waste Management

Ingenious recycle-first philosophy helps Oakleaf CEO turn rubbish into riches

By Peter Mantius

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**J**im Barnes couldn't be more different from his chief competitors, the old lords of waste hauling who own fleets of rumbling trucks and scores of landfills like the gigantic mound that scars the north end of Hartford.

He's the best of the new generation: genuinely green, high-tech, asset-light and ingenious.

Oakleaf Waste Management, the company he founded in East Hartford in 1995, doesn't own garbage trucks or landfills or even its own headquarters, and yet it is the fastest growing waste remover and recycler in the country.

He contracts with some 5,000 local haulers who serve Oakleaf's impressive lineup of retail, residential, commercial and industrial customers across the country and into Canada. Haulers compete to be chosen because Oakleaf can offer significant route density ... Payless, Pep Boys, Petco, Pier 1.

That means Barnes gets to handpick the best-in-class haulers. Checked past? Pass. Too many late or missed pickups? Pass. Not comfortable with Oakleaf's streamlined Internet-based billing system? Pass.

The bottom line for traditional haulers like Waste Management, Republic and Allied tends to be measured in trips to the landfill and tons of garbage dumped. Oakleaf thinks a little harder and helps customers evaluate their waste streams to figure out what can be recycled and even sold.

That strategy makes sense to margin-savvy companies like Wal-Mart, which now relies on Oakleaf to handle waste and recycling at all of its 4,500 stores.

"Oakleaf put together a good package and demonstrated financial staying power," said Lawrence V. Jackson, a former chief executive officer of global procurement at Wal-Mart Stores Inc.

"Most haulers in the trash business make more money the more trash there is," Jackson added. "(Oakleaf) tries to minimize trash and waste. They reduce costs. They were in alignment with (Wal-Mart's) sustainability goal."

Jackson, who once sat on the board of directors of Allied Waste, the nation's No. 2 nonhazardous waste hauler, joined Oakleaf's board in



PHOTO: STEVE LASCHEVER

August. What has impressed him about Barnes so far?

"He clearly has the instinct of an entrepreneur," Jackson said. "He's very focused. He has an understanding of his key customers. He looks at the execution level."

### New Business Model

James R. Barnes, 46, grew up in East Hartford and attended Marist College in Poughkeepsie, N.Y. He worked for a waste hauling company long enough to see the flaws in its business model.

He founded Oakleaf in 1995, giving it that name because it had a "green" feel to it and because his first customer in northwest Connecticut had been an Army officer who once wore the oakleaf insignia of a major or lieutenant colonel, he's not sure which.

The company is approaching \$700 million in annual sales and has repeatedly been cited by INC magazine as one of the nation's fastest growing companies. Barnes said the growth rate is "still north of 20 percent a year."

The company's headquarters is in leased space at 800 Connecticut Blvd. in East Hartford, overlooking the Connecticut River. Barnes'

unpretentious sixth floor office has a spectacular view of the river and Hartford's skyline.

Oakleaf now employs nearly 700 people, including about 75 in Atlanta, 50 or so in Tampa, Fla., and 25 each in Scottsdale, Ariz., and Calgary, Canada. But most are squeezed into cubicles on several floors of the Connecticut Boulevard building.

Barnes knows many of them by first name and moves among them in

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an easy, informal manner.

Jeanne Webb, East Hartford's director of development, just hopes she can keep Oakleaf in town. "I know they're popping out of that building," she said. "We're working on a lease for more parking. We want to help him expand in East Hartford. He's given every indication he wants to stay. He loves being on the river."

But Barnes, a board member of Hartford's Riverfront Recapture, is always looking down the road. And as the company moves inexorably toward \$1 billion in sales, a new corporate headquarters building "within the region" is possible, he said.

He also plans to take the company public with an initial stock offering as early as next year, assuming the market cooperates. In preparation for the IPO, he's beefed up the board of directors with Jackson and three other corporate heavyweights. He's also brought in a new chief financial officer, Jim Duffy, who has experience taking a private company public. Oakleaf's former CFO, Gino Porazzo, is now chief operation officer.

Barnes now holds 7 percent of Oakleaf, while other managers hold 13 percent. New Mountain Capital, a \$6 billion private equity firm, bought an 80 percent stake in the company last year for \$655 million from Charterhouse Group.

The company is apt to be very attractive to public investors because of its solid contracts with not only loyal independent haulers but also a host of retailers, malls and industrial companies such as United Technologies, General Electric and Pepsi.

But its fastest growing initiative may be Valet Waste, a Florida-based company acquired in 2006 that provides five-night-a-week doorstep trash and recycling collection at apartment and condo complexes.

The man who founded it in Tampa, Mike Ferris, got the idea when he saw New York Yankees shortstop Derek Jeter hauling a sack of trash to a dumpster at his apartment during one spring training. He decided that apartment residents might prefer to have their garbage, picked up, recycled and even composted for them. Ferris now runs Valet Waste as a unit of Oakleaf.

Valet Waste makes the service worthwhile to the complex, too. If it's large enough to have several dumpsters, Valet Waste will replace them all with a compactor its trash handlers can use.

Barnes says he now markets the service to real estate investment trusts who own the complexes, selling the service at a contract rate to owners who charge fees to residents. Despite the markups, residents rate the service as one of their favorite amenities.

Valet Waste has expanded from Florida into Georgia, California, Texas and Maryland — it will arrive in New England soon — while it has boosted the number of units it serves to 300,000.

### **Avid Skier, Snowboarder**

Another highly successful Barnes initiative has been Oakleaf's dumpster rental agreement with Home Depot, which allows customers to order an orange-painted Home Depot dumpster on short notice nationwide.

And Barnes is proud to show off his "Tire Shark" machine — a model of which resides by the elevators at Oakleaf's headquarters.

The machine crushes used tires into one-quarter of their normal size and staples them firmly in that shape to prevent them from ever being resold. Tire resales have spurred lawsuits, and many retailers prefer to handle the potential liability cleanly, once and for all.

As Oakleaf spreads out nationwide, Barnes has been quietly developing another private firm, FM Facility Maintenance, which provides services in more than 40 trades, such as janitorial and pest control.

FM Facility Maintenance, based at 10 Columbus Blvd. in Hartford and formerly known as IPT, was part of Hartford Steam Boiler and was later sold to Enron. Barnes bought it in 2004 out of Enron's bankruptcy. Its annual sales now approach \$250 million, and Barnes owns it outright.

When he's not focusing on work, Barnes is an avid skier and snowboarder who loves to share Vermont's Green Mountains with his wife, Donna, and their three young kids. He recently acquired The Hermitage, a country inn on 100 acres near the Mount Snow ski resort. He's updating the historic resort with energy efficient features, including solar.

So given his strong inclination toward a "green" approach, what would he do with Hartford's giant mound of a landfill?

"I'd love to see it turned into a golf course or some other local amenity," he said. ■

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