



A garbage company that collects relatives

Rumpke family members—75 or so of them—have found garbage hauling to be an attractive career option. With so many relatives working in the company, how do they keep the business from going to waste?

The secret, they say, is their emphasis on entrepreneurship.

BY STAN LUXENBERG

MANY BUSINESS FAMILIES have trouble finding the proper balance between home and work concerns when just two or three family members work together in the company. So imagine the challenges facing the Rumpke family at Rumpke Consolidated Companies. The Cincinnati-based waste management business employs dozens of relatives, including all five children of 66-year-old CEO William J. Rumpke. "A few years ago, I tried to count the exact number of relatives in the business, and I gave up when I got to 75," says Rumpke, a son of the company founder. "We have relatives and in-laws spread throughout the company."

Current employees include 20 grandsons of the two brothers who founded the company in the 1930s. Eight granddaughters have husbands who work at Rumpke. Another four female relatives are employed themselves. How were the

Rumpkes so successful at recruiting the younger generation? No one is pressured to join, but many young people begin in the business as children, says Jennifer Schnee, a 42-year-old granddaughter of a founder who now works as a customer service manager. "I rode the trucks with my dad from the time I was young," says Schnee. "I started working in the office when I was 16, and I continued working while I went to college. It was in my blood."

Another reason the younger generation joins the company is simple pride, says Bill Rumpke Jr., the 42-year-old chief operating officer who is a son of the current CEO. "We understand that landfills are not always looked on kindly," he says. "But as children we saw that the older generation took a lot of pride in doing a job right. In Cincinnati you see the Rumpke name everywhere, and it stands for high-quality service."

To provide so many pay-



'Waste management is a complicated business': COO Bill Rumpke Jr. with his father, CEO William J. Rumpke.

checks, the business has had to grow steadily. But growth has rarely posed a challenge. Once a tiny operation, Rumpke Consolidated now has 2,000 employees and 1,000 garbage trucks and generates \$340 million in annual revenues. "My kids want to stay with the business because they feel that there are opportunities for them to learn and move up," says CEO William Rumpke.

The company got its start in 1932 when William F. Rumpke began selling coal and raising hogs on a farm in Ohio's Colerain Township, near Cincinnati. Bernard Rumpke soon joined his brother. To feed the hogs, the brothers recruited



In the beginning: Brothers William F. Rumpke Sr., left, and Bernard Rumpke started out selling coal and raising hogs.

an unemployed nephew who began collecting garbage. The young man separated the trash, feeding edible items to the animals and recycling the rest. By the 1940s, the family was charging residential and municipal customers to haul away the garbage. Seeking to attract more drivers, founder William came up with a commission system that the family still uses today. "Pop would give a young relative a truck," recalls current CEO William Rumpke. "He would point to a town and tell the fellow to start picking up. The driver would come back with his pockets full of money, and they would split the cash 50:50."

By the 1950s, the Rumpkes had 2,000 hogs on a 230-

acre farm and a thriving garbage hauling business. Then the Food and Drug Administration issued rules requiring farmers to process garbage before feeding it to animals. Faced with extra costs imposed by the new regulation, the Rumpkes abandoned farming and began focusing on their garbage business.

In the 1970s, William F. sold his half interest in the company to his eldest son, William J. Rumpke. Bernard sold his half share to his son Tom. The two cousins were co-owners and co-presidents until Tom's death in 2004. His interest passed to a trust that is controlled by his four sons. All of Tom's four children are working in the business and planning to stay.

While corporate headquarters are in Cincinnati, the company is divided into five districts with substantial operations spread throughout Ohio, Kentucky and Indiana. Besides garbage hauling, the company also operates in other related areas, including landfills, recycling, portable toilets and manufacturing parts for garbage trucks and dumpsters. Many of the operations are run by Rumpkes. COO Bill Rumpke Jr.'s brother Jeff, 38, is vice president for the Cincinnati region, the company's largest district, which accounts for half of sales. Matt Rumpke, 41, who is Tom's son, oversees Louisville, while his twin brother, Mark, heads up the operation in Columbus, Ohio.

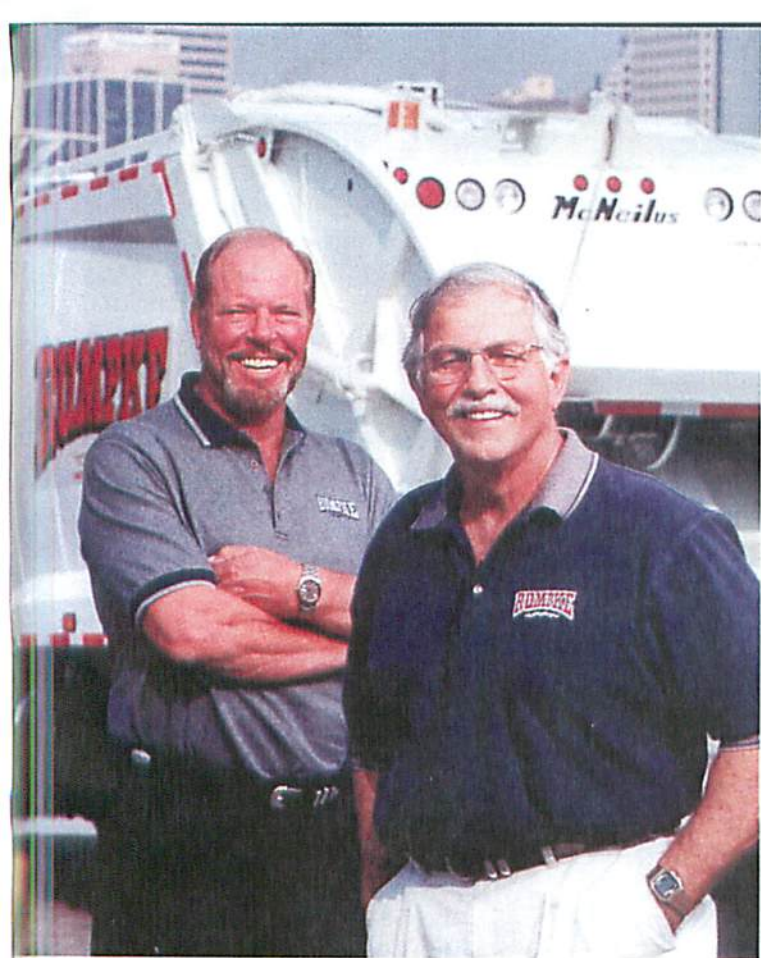
By all accounts, the Rumpkes' ability to retain relatives is unusual. "Some old family businesses have lots of relatives who own shares and come to a meeting once a year," says Ellen Frankenberg, a family business adviser in Cincinnati. "But it is exceedingly rare to see a company where dozens of family members actually work in the business on a day-to-day basis."

Each route is a business

Though COO Bill Rumpke Jr. insists that young people are not pressured to join the family business, Rumpke fathers typically introduce their sons and daughters to the company at a young age. Bill began sweeping floors when he was in the seventh grade. After college he joined the recycling business and eventually became head of the unit. Bill says that much of what attracted him and his young relatives to the business was a strong sense of family heritage. "We are proud of this great business that our fathers built up," he says.

From the early days, the Rumpke founders emphasized to their children and grandchildren the need for treating customers politely and delivering unmatched service at a low price. The efforts succeeded. Today the company dominates its markets. "In our territories, people don't say that the garbage truck has been by," says Bill Jr. "They say that Rumpke has been here."

The Rumpke system is set up to encourage entrepreneurship among family members. At the heart of the system are garbage truck routes that have been developed over the years. Today the company has 30 routes, including 28 owned by relatives. (The two non-relatives are the sons of



Second generation: Cousins Tom (left) and William J. Rumpke were co-owners until Tom's death in 2004. Tom's interest passed to a trust controlled by his sons.

top employees who gained the routes in the 1950s.) Each route is a substantial business, and routes are typically passed from father to son.

To get a route, a nephew or cousin initially paid the owner—one of the founders or their sons (all owners are men)—a fee. In return, the company supplied the young man with a truck and the right to represent Rumpke in a certain area. Because the route owner shared in the profits, he had an incentive to build his business.

A route owner starts by driving one truck and hauling garbage himself. As he drives along, he tries to pick up new customers, seeking to persuade businesses and homeowners to leave their old garbage hauler and sign up with Rumpke. As an entrepreneur, the route owner is free to lower a price in order to gain a new customer. After getting enough new customers, the route owner can get a second truck and hire a driver to take over the first vehicle. Rumpke Consolidated owns the trucks and supplies gas, but the route owner is responsible for his labor costs.

Moving through the ranks

Though most top corporate jobs are held by descendants of the founders, other employees have a shot at substantial positions. Relatives and non-relatives typically start as garbage haulers or in low-level corporate jobs. "Relatives are

not sheltered," says CEO William Rumpke. "We have fired family members. When relatives do something wrong, they get the boot, just like any other employee." He says he can't recall the number of relatives who have been fired, but there have been several.

Family business adviser Ellen Frankenberg cautions that businesses should be careful to hire and promote relatives based on merit. Operations run by unqualified relatives will suffer, fostering resentment among employees, she notes. "You can't just hire family members because they are family," Frankenberg says. "The downfall of many businesses comes when family members have felt entitled to a position whether or not they have something to offer."

To help all employees advance, Rumpke Consolidated runs a variety of training programs. Truck drivers attend classes in first aid and environmental rules. They are drilled about how to treat customers courteously. Rumpke hired a consultant to develop a sales training program that is offered to many employees.

The training programs have helped many unrelated employees advance through the ranks. One non-family member who started as a garbage hauler now oversees one of the company's districts. Many top headquarters jobs are filled by outsiders, including the human resources director, sales director and general counsel.

Many Rumpke employees have been with the company more than 20 years. The CEO speculates that part of the reason for the loyalty is that the company tries to pay slightly higher wages than competitors do. But the main reason people want to stay, William Rumpke says, is that they are treated fairly and given a chance to rise through the ranks. "We go out of our way to treat employees like family," he says, "and people appreciate that."

Environmental controversies

The Rumpke family has received media attention for its handling of environmental controversies, an inevitable occurrence in the garbage hauling business. The company owns nine landfills, which are generally opposed by neigh-

'In our territories, people don't say that the garbage truck has been by,' says COO Bill Rumpke Jr. 'They say that Rumpke has been here.'

bors. Communications director Amanda Pratt notes that the company has taken polls to see how environmental issues affect the Rumpke image. In most areas, 90% of respondents have a favorable image of the company, she says. But in areas next to landfills, the favorability rating drops; residents complain of odors and being subjected to a steady stream of giant trucks.

In recent months, the company has been forced to de-

fend plans for expanding Rumpke Sanitary Landfill, the site of the original hog farm. The spot, which is the largest landfill in the state, is often called "Mount Rumpke." The mountain grows by 8,000 tons a day as garbage trucks steadily bring waste from Cincinnati and surrounding towns. The family proposes to spend \$145 million in order to enlarge the 509-acre site by 206 acres. The aim is to increase the life of the landfill by another 30 years, ensuring that the next generation will still be in the business.

Before the giant project can be built, zoning commissions will ask tough questions. Community members have already spoken out against the expansion. Some residents worry that enlarging the landfill will hurt property values. To satisfy opponents over the years, Bill Rumpke Jr. and other family members have patiently testified at zoning meetings, arguing that the community needs more landfill

The company has been forced to defend plans for expanding Rumpke Sanitary Landfill, Ohio's largest

landfill, often called 'Mount Rumpke.'

'We try to be open with people about the issues,'

says CEO William Rumpke.

capacity. Rumpke financed a study by the University of Cincinnati showing that landfills and other waste management facilities create jobs and help stimulate a town's economy.

As part of the public relations efforts, Rumpke employees speak at schools and public meetings about the environmental issues surrounding waste management and stressing that good environmental controls can limit hazards. Every year, Rumpke takes 300 groups—more than 10,000 people—on expeditions to the top of Mount Rumpke. "Waste management is a complicated business," says CEO William Rumpke, "and we try to be open with people about the issues."

The company makes an effort to participate actively in communities. For example, it sponsors Little League teams and donates to school athletic programs.

Growth through expansion

Over the years, the company has grown through internal expansion and acquisitions. In some cases the family started new businesses from scratch. In the 1960s, the company found it difficult to find reliable shops that could repair trucks and build garbage dumpsters. So the family started Rumpke Iron Works to handle the tasks. When the need became apparent, Rumpke became a large renter of portable toilets.

In 1989, the company opened Rumpke Recycling in

Circleville, Ohio. Today Rumpke operates five recycling centers in Indiana, Ohio and Kentucky that process more than 500 million pounds annually. The company picks up recycling from residential customers as well as industrial clients. Trucks take the waste to Rumpke's recycling facilities, where the company processes the garbage, bails it and ships the recycled products to manufacturers. Customers use the supplies to make building materials and other goods.


Much of Rumpke's most dramatic growth has come through acquisitions. In the early days, the company began by buying 20 garbage haulers in the Cincinnati area. More recently, the pace of acquisitions has accelerated. Since 1978, the company has acquired 182 businesses, including many family-owned garbage haulers and recyclers. "We took command of the Cincinnati market, and then we moved on," says CEO William Rumpke. "Our goal is always to have more than 50% of any market where we operate."

Integrating most of the acquired companies has not been difficult, says the CEO. In most cases, the acquisitions were small mom-and-pop companies that cost less than \$3 million to buy. In a typical purchase, Rumpke keeps on most employees. The new hires, already used to working for a family business, easily adapt

to Rumpke management.

As the company has grown, the Rumpkes have worked to maintain a sense of closeness. The CEO, known for his unpretentious manner and white straw hat, reaches out to new employees. At company picnics he greets old and new drivers by name. He says that he and other top executives have a constant open-door policy; any employee can walk in with a question.

Just as he strives for good relations with employees, the CEO aims to avoid squabbles among shareholders. The owners meet once a month. William Rumpke chairs the meeting, which includes his five children along with his cousin Tom's four children. The group irons out strategy questions. "There is not a lot of bureaucracy," William Rumpke says. "Decisions are made quickly, and they are made based on facts."

Since all the shareholders work at the company, there are no disputes about giving dividends to outsiders or buying out relatives who want to depart from the business. Rumpke has not announced his successor, but he predicts that filling the CEO's chair will not be difficult. "I will be around for a while," he says, "and after that we have a lot of good young people who are dedicated to maintaining the company and keeping it in family hands." 

Stan Luxenberg is a business writer based in New York City.