



Category: Technology/Communications
Name: A. Joe Mitchell, Jr.
Business: VarTec Telecom, Inc.
Employees: 893
Founded: 1989

Success Comes Calling

Joe Mitchell's inspired innovations have changed the landscape of long distance services. *By Coleen Bandy*

By the early 1980s, a young Joe Mitchell had already parlayed his engineering degree into a career as a successful oil industry executive. But Mitchell wanted out of the volatile oil business. "I was looking for a new career away from oil or oil-related businesses, or any derivative thereof," says Mitchell, now 47 and president and CEO of VarTec Telecom, a Lancaster, Texas-based telecommunications company. That's when Mitchell serendipitously read an article in a business magazine. It was a moment that he calls his own personal "revelation."

The article quoted Bill McGowan, then chair of MCI, who observed that the break-up of AT&T and subsequent equal access for consumers to long distance telephone services represented "the greatest single marketing opportunity in the history of the world."

Mulling over McGowan's quote, Mitchell figured, "Let's assume he's just half right. That's still a pretty great opportunity." Mitchell quickly shifted his attention from oil to telecom. Then luck struck. While still employed with Conoco Oil in Texas, Mitchell was hired by Texas oil tycoon Clayton Williams to run a real estate venture and telephone equipment division employing 700 people.

With Mitchell at the helm, the division grew into Claydesta, a long distance services subsidiary owned by Williams. Two years later, Mitchell was hired away to head the carrier-services

division of Teleconnect, which is now, ironically, part of MCI—Mitchell's original inspiration and currently a heavyweight VarTec competitor.

Mitchell—armed with his newly acquired experience in telecommunications—took his leap of faith in 1989. He quit his job at Teleconnect; pulled together a handful of business partners, including his wife, Connie; and, with \$100,000 in capital, founded VarTec Telecom, Inc. Today, the privately held company is approaching \$1 billion in annual sales of long distance services, winning Mitchell the 1998 Ernst & Young Entrepreneur Of The Year® award in Technology/Communications.

"At the time we started, we felt like the market was so large, and the margins were such that we could offer an equivalent product at a lower price. We didn't have the marketing dollars that the big guys were spending, but we were able to save on marketing costs by using direct mail instead of telemarketing. The niche was a huge market opportunity," Mitchell explains.

Thanks to his "don't quit" philosophy and an uncanny capacity to come up with creative solutions to problems, Mitchell and his team have seen VarTec's sales grow at a rate of more than 100 percent annually. Among the company's innovations are the concept of value-added resellers—a team of smaller independent sales agents spread throughout the country—who now number

