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Interview no. 1482

Carlos Guzman

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University of Texas at El Paso

Institute of Oral History

Interviewee: Carlos Guzman

Interviewer: Javier Navar

Project: Paso del Norte Entrepreneurs Oral History Project

Location: El Paso, Texas

Date of Interview: 17 June 2010

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Transcript No.: 1482

Transcriber: GMR Transcription Services

Biographical Synopsis of Interviewee: Carlos Guzman was born in San Juan, Puerto Rico in 1975. His father Carlos Guzman Sr. is a cardiologist and his mother, Maria Yvette Jimenez is a school teacher and Carlos' parents still live in Puerto Rico. He attended grade school in Puerto Rico and Carlos received his Bachelor degree in biology and chemistry from the University of Puerto Rico. He also has an M.A. in computer resource management. Carlos was an officer in the United States Army and served a tour of duty in Iraq until from 2004 until 2005. Carlos has four children and is the co-founder of the company Global Alternative Fuels, along with Larry Walter.

Summary of Interview: Carlos Guzman was born and raised in Puerto Rico and lived in there until he joined the United States Army. Prior to joining the military, Carlos obtained his Bachelor degree from the University of Puerto Rico in biology and chemistry. While in the military, Carlos served as an officer and served in Iraq from 2004 until 2005. Upon returning from Iraq, Carlos began to pursue his M.A. in computer resource management. It was during this time that Carlos met Larry Walter and the two became interested in biofuel technology after a discussion on biofuel. Carlos began investigating what it would take to create biofuel. Larry and Carlos struggled to find investors for their business, but eventually they received a lot of help from local investors. Their company turns vegetable oil, animal fat and grease in to biofuel. Carlos and Larry first built a plant that produced five million gallons of biofuel per year, but have since expanded that plant to produce fifteen million gallons of biofuel per year. In addition, they also produce glycerin and the plant doesn't produce any waste. Their main client is Western Refining, an independent oil refiner with a branch in El Paso, Texas. Other than his formal education, Carlos did not have any idea what biofuel did or how it was made. Through hard work and persistence, Carlos and Larry have been successful in the biofuel market. Carlos is a member of the El Paso Hispanic Chambers of Commerce and he started an organization called Upper Rio Grande Renewable Energy and Efficiency Network (UR GREEN). UR GREEN works to bring green collar jobs and environmentally-conscious companies to El Paso.

Carlos believes that El Paso can become a greener city. His advice to entrepreneurs is to find what you are passionate about, be persistent, to have a developed business plan, to research what you want to produce and sell and to not give up.

Length of interview: 47 minutes

Length of Transcript: 26 pages

Name of Interviewee: Carlos Guzman
Date of Interview: 17 June 2010
Name of Interviewer: Javier Navar

This is an interview with Mr. Carlos Guzman on June 17, 2010, in El Paso, Texas. The interviewer is Javier Navarre. This interview is part of the Paso del Norte Entrepreneurs Oral History Project.

JN: Mr. Guzman, can you tell me your complete name please?

CG: My name is Carlos Guzman. That's it. No middle name (My middle name??)?
Well, Carlos Guzman Jimenez if you wanna—

JN: And Mr. Guzman, when and where were you born?

CG: San Juan, Puerto Rico in 1975.

JN: And where did you grow up?

CG: I spent most of my life in Puerto Rico until I was twenty-five and I joined the military.

JN: And who were your parents?

CG: My parents are Carlos Guzman, Sr. and Maria Yvette Jimenez. And my father is a cardiologist, still in Puerto Rico, and my mother is a school teacher, also in Puerto Rico.

JN: Okay. Can you tell me about your education?

CG: Originally, I went to regular grade school in Puerto Rico and then went to the University of Puerto Rico. I originally wanted to be a doctor, but I started discovering that that wasn't really for me, so my bachelor's degree is in biology and chemistry. Somewhere around the middle there, I wasn't sure what I wanted

to do, so I joined the military, and it took me about a decade to find out what it is I wanted to do. So I went back to school and noticed that my strengths were more in business, so I did an MBA, an MA, in computer resource management and started Global Alternative Fuels.

JN: And can you tell me what was the language spoken at home?

CG: Every class was really English and at home, mostly Spanish.

JN: Did your family operate a business?

CG: No. My father had his own medical office, but my parents divorced when I was two years old, so I've never really—I was never really exposed to any type of business environment.

JN: What is the present name of your company?

CG: Global Alternative Fuels.

JN: Can you describe your business?

CG: The business, pretty much, consists of turning raw vegetable oils or used oils, like from restaurants, into biodiesel.

JN: And how old were you when you decided to start this business?

CG: Thirty-one. Between thirty and thirty-one. I had come back from Iraq in 2005, and I went back to school, and that's kinda when it all started.

JN: And why did you decide to go in business by yourself?

CG: Well, originally, my business partner, Larry, and I, were going to school together for a master's degree, and we were taking a break between classes. We were out in the parking lot talking, and he's from Ohio originally. He's a very big country music fan. Being originally from Puerto Rico, I don't know a lot of country music, but I knew Willie Nelson. So I started talking about Willie Nelson, and all of a sudden, Larry says, "Well, I read somewhere that Willie's doing this thing where he turns oil into fuel." And six months later, we had done the business plan, and we were out selling the company. I resigned my commission as an officer in the Army, and he quit his job.

JN: And who encouraged you to start your business?

CG: There were several professors that were sort of our mentors in school, but mostly it was—I didn't want to go back to Iraq, and he was, my business partner, Larry, was kinda tired of his current job, so.

JN: And how did you determine the need for this business?

CG: Originally, when we first started getting an interest on biodiesel, we went to different banks, and Larry and I were just regular guys, so no bank would lend us millions of dollars to build a chemical plant. So we started seeing what market there was out there and started talking to a lot of trucking companies in the area and started getting letters of intent from them on different things. And we noticed that there was so much demand that our original mom and pop, tiny, little plant now had to be five times as big. So we went to the bank again and asked them for five times as much, and they, of course, turned us down. So we went back to some of those trucking companies, where we had talked to before, to tell them that the project wasn't going to happen. And one of them, Mesilla Valley Transportation, which Royal Jones and several other folks just talked to us and said, Well, what is it you need to do this project? We like it. What can we do? And I explained what the project was, showed them the business plan, and all of a

sudden they said, Let's do it. And it happened. But before that meeting, I remember I had already resigned my commission in the military. I think I had one or two more unemployment checks, and I had twenty dollars left in my wallet, and I put ten dollars of gas in the car and drove to Mesilla to talk to the owners of MVT. So, luckily, it worked out, but you do have to take some chances.

JN: And what kind of experience did you have in this area?

CG: In biodiesel?

JN: Yes.

CG: None. None whatsoever. I hadn't even heard of biodiesel till we had that initial conversation between class breaks. That conversation was in April 16, 2005, and then by May 26 or thereabout, we had already done some batches of biodiesel in my front yard. And by November, of that same year, we were here starting up the plant.

JN: And did you need funding to start the company?

CG: Oh, yes. Larry and I had nothing really. So it was all mostly sweat equity and investment from our equity partners.

JN: And can you describe some technology issues that you deal at the beginning of your company?

CG: Well, the first one was, originally, that although it was a good idea, it was hard to find any support in the area because there weren't really any companies that wanted to do what we were doing. So trying to deal here in the area, you tell them we're—"What are you guys doing?" "We're making biodiesel." "What?"

So back then, nobody really knew about it. It wasn't a household name, so that was one of the biggest hurdles, and that also went hand-in-hand with hiring people to work at the plant because nobody knows what it is.

JN: So the community didn't know what was the purpose of the business, basically?

CG: No, and there's a subdivision close to the plant, and they were concerned because they saw all these machines bringing in equipment, and they thought we were gonna make something, a refinery of regular fuel, and they were concerned. And we started hearing from city council and different community organizers, but we did an open house and invited them all in, showed them what the project really was about, and we've had nothing but support ever since.

JN: And did you begin your business with a business plan?

CG: Oh, yes. April 16 was when we had the initial conversation. It took about three or four days, and then I was bored at work one day, and I Googled 'biodiesel', and it all started from there. I've never done a business plan before, so I Googled 'award-winning business plans', and I picked three of them and turned them into the one that worked.

JN: And what was your major obstacle at the—

CG: Funding. The biggest thing—you could have the greatest idea, the best team and everything, but funding is critical. Banks wouldn't lend us money, so if we had not run into some good investors, the project wouldn't have worked. I would be under a bridge right now somewhere.

JN: And what factors helped your business grow and expand through all these years?

CG: Initially, we picked a bad point in the economy to start the business. As we were starting to run the first plant for doing the first month is when the economy started wavering into recession, so we decided at that point to take a strategic decision to expand—shut down our current production, expand, and hopefully, when the economy returned to a solid level, we'd have five times as much capacity. So we started doing that project. And, again, people believed that we were crazy, but we studied the market, took a calculated risk.

JN: And can you describe any major success you have experienced?

CG: The original bank loan that we received was from the North American Development Bank. This is a joint bank owned by the governments of Mexico and the U.S., and they typically do projects that are more public like water treatment plants and what not, and we were their first commercial loan. This is an ecological bank, and the deals along with (Coser??) in Juárez. So, I guess, one of the main factors, there—successes that you would say was getting that initial loan because regular banks—and I won't mention names, but there were several—they simply didn't have faith in the project, and I understand. I would have probably made the same decision if I were in their spots.

Formatted: English (U.S.)

JN: Well, did your family play any role in starting your business?

CG: Originally, I spoke a lot with my father and Larry to really fine tune what it is that we wanted to do and get different examples. And early on in the project, my uncles, Jorge and Pedro, they got really involved. And they believed so much in what we were doing that they moved. They relocated from Puerto Rico to over here, and they were key to starting the project as well.

JN: And as a business owner, have you experienced any discrimination?

CG: To tell you the truth, no. I gotta say I haven't. I've been surprised, but there really hasn't been any.

JN: And what challenge have you faced growing your business?

CG: One of the main ones is when the economy started slipping into recession—well, it was hard times for everyone including our equity partner. So it was challenging to launch a major expansion project in those market conditions, but we soldiered on through it, and it worked.

JN: And right now, what is the condition of your company? What major plans do you have?

CG: Well, we started out with the initial five million gallon per year plant, and our expansion is fifteen million gallons per year for a total of twenty. As soon as we start the expansion into full production, which will hopefully be sometime between the end of this month and the beginning of the next, we will start another expansion, hopefully, another twenty to twenty-five million gallons per year. And we have a goal to reach about a hundred million gallons per year, which we think it's about as high as we would like to go in this area.

JN: And how did you decide to expand your business?

CG: Well, there's not a lot of businesses that—biodiesel plants in the area. There's a smaller one located close to us, but they cater mainly to agricultural customers, and we saw market trends where people favored more ecological projects, and we saw that regulation from the government was taking the automotive market also in that direction where you start seeing more fuel-efficient vehicles, and part of that are diesel vehicles. So we figured that the market was there to expand.

JN: And do you think you have any advantage over the competitors?

CG: Depending on competitive efforts, we really—you'd say our main competition is diesel, but I don't view it as such. I think that there's a place for fossil fuels for the foreseeable future, and we depend on them. Right now you can't really use 100 percent biodiesel in a diesel vehicle. You have to blend it mostly with regular diesel. So they're really partners with us. The one thing that differentiates the company is that we don't have any waste from the plant. We generate two products—biodiesel and glycerin—and we sell both of them. We don't generate any waste. Typically, when you use biodiesel in your vehicle, it's 80 percent cleaner than regular diesel, so it's good all over.

JN: And do you have any type of partnership with other companies?

CG: Well, our main client is Western Refining, which was a very interesting relationship at the start. I remember the first time I went over there, we didn't even have the initial partner. So I had just gotten turned down by a bank for the third or fourth time, and I decided, Well, you know, let me go talk to a refinery. So I just showed up there one day. The first time, nobody met with me. They pretty much kicked me out. The second time, I guess, someone had mentioned that, "Hey, maybe if he comes by again, let me talk to him." So I talked to someone briefly, and then the next time I showed there up with my partner, and they specifically—they said, Hey, yeah, you don't have an appointment or nothing, you can't see anyone. So they turned us away. But then once the project started getting backing and financing and what not, it was love at first sight. Well, maybe second or third.

JN: Are you a member of any chamber of commerce?

CG: The Hispanic Chamber of Commerce.

JN: Hispanic Chamber.

CG: And we'll join the—the thing is that our equity partners are members of every chamber out there, so in a sense, we belong to all of them too.

JN: And looking back at your business, what would you have done differently?

CG: That's a hard one right there. I don't know because it really worked. I guess, I would have—if I would have know it would have been that hard to get financing from traditional sources early on, either I might have tried to start off looking for alternate routes to get financing, or I might not have done the project at all. I don't know. It was really, luck.

JN: And what dreams do you have for the future of your company?

CG: Well, I'd like to continue to expand, to fill out our original plan of a hundred million gallons per year. But mostly what I see us doing is we—part of what I do is I formed an organization along with several others here in El Paso. It's called UR GREEN, the Upper Rio Grande Renewable Energy and Efficiency Network. And our main focus is to bring green projects and green jobs to El Paso, and that's everything from solar energy to wind power. And that's really what I find most fulfilling right now.

JN: And what advice would you offer a young entrepreneur to start a business today?

CG: Well, first of all, you have to find out what you like, and by that, I don't mean the product because, really, I had never heard of biodiesel till we did this project, and I'm not a chemist or an engineer. So it has to be something that the project itself is something that you like, and take chances. Go for it. You might not succeed right away, but you might get lucky.

JN: And do you think right now it's a good time to start a business or—

CG: I don't think there's ever a bad time. The thing I tell people the most is, "If you're passionate about something give it a try." I mean, there were several different times during when Larry and I started the project that we were about ready to quit, and Larry was the one that said, "Well, let's give it one more chance. Let's see if we can—let's try with this other bank. Let's move in a different direction." So don't quit.

JN: And do you want to add something to this interview?

CG: I gotta say you really have to be somewhat ambitious and a risk taker to do a project like this. And if you're young and you want to take a chance at it, go ahead by all means, and find someone that's been there before, and try to tap into their knowledge because when I came in, I never even knew or heard of anyone that started any business. So you gotta go out there and network. One of the things that helped us the most was, those initial times that we got turned down by banks, they helped us refine our business plan, the pitch that we gave folks. So it wasn't a complete loss to be turned down all those times. It actually helped us towards the end.

JN: Okay, Mr. Guzman, on behalf of the University of Texas, El Paso, we want to thank you for the interview, and we appreciate it.

CG: Thank you.

JN: And this is the end of the interview.

JN: This is an interview with Mr. Carlos Guzman on June 17, 2010, in El Paso, Texas. The interviewer is Javier Navar, and this interview is part of the Paso del Norte Entrepreneurs Oral History Project. Mr. Guzman, can you tell me your complete name please?

CG: My complete name is Carlos Guzman Jimenez.

JN: And Mr. Guzman, when and where were you born?

CG: I was born in San Juan, Puerto Rico in 1975.

JN: And did you grow up there?

CG: Yeah, I spent all my time in Puerto Rico until I joined the military. That's where I came from.

JN: And who were your parents?

CG: My father's name is Carlos Guzman Torres, and my mother is Maria Yvette Jimenez. And he is a cardiologist in Puerto Rico, and my mother is a school teacher there as well.

JN: Can you tell me about your education?

CG: Well, I studied in Puerto Rico for grade school and what not, and then I went to the University of Puerto Rico. Originally, I wanted to be a doctor like my father. I started to discover that that wasn't really what I wanted to do, so I started off with a bachelor's degree in biology and chemistry, and then sometime around the second or third year, I was really—I had lost direction, didn't know what I wanted to do, and it was a particularly hot summer, and my best friend and I went to the mall to catch some air conditioning, and there was a National Guard display. And there was this poster, a real big poster of a tank just jumping over a hill, and there was just sand and dirt jumping all over. And we stopped and looked at it, and all of a sudden there's a recruiter that comes by and says, "Hey, how you doing?" And the next thing you know, I'm in a bus with all this equipment, and someone's

yelling, “Get out. Get out. Get out.” [Inaudible]. But, you know, it taught me a lot about leadership and persistence, and I think that was part of what brought me to the project.

JN: And what language was spoken at home?

CG: Mainly Spanish. Our classes were in English, but my parents really—my father—although he’s fluent in English, my parents divorced when I was very young, so I never really—I guess, most of it came from school.

JN: And your parents or anyone in your family operate a business?

CG: No. Well, my father has his own medical practice, but I never really was a part of any of that. So, no.

JN: What is the present name of your company?

CG: It’s Global Alternative Fuels.

JN: Can you describe your business?

CG: The business itself, it’s really a chemical processing plant. And really, what we do is we turn raw vegetable oil, animal fat and used restaurant grease into biofuels, into biodiesel.

JN: And what number of employees?

CG: At any given time, especially now when we’re in part of construction and expansion, we have anywhere between thirty and fifty employees.

JN: And how old were you when you decided to start your business?

CG: I just started out in my thirties.

JN: Your thirties. And how many years has the company been in existence?

CG: Five years.

JN: Five years. So why did you decide to go into business by yourself?

CG: Well, I was a captain in the military, and I spent 2004 in Iraq, returned in 2005 and decided to go back to school and pursue what I thought were my—more of my talents. So I went and did an MBA and an MA in computer resource management because my job in the army was in telecommunications. So part of it was I wasn't sure if I wanted to leave or not. Then I developed a friendship with my business partner, Larry Walter, and during one break between classes, we were out in the parking lot, and he's a country music fan, but me being from Puerto Rico originally, I only knew about Willie Nelson, so I started talking about Willie Nelson, and all of a sudden, he says, "You know what? I read somewhere that Willie does this thing where he turns old grease into fuel and powers his car." And it took us about two or three days, and we started starting out a business plan, and six months later, we had the business going.

JN: And who encouraged you to start your business?

CG: We had several professors that really served as mentors for us. I guess it was—our core support group was Larry and myself. Larry used to call his son, and I used to call my father. So between them and some professors and mentors, we sort of got the project going.

JN: And how did you determine the need for the business in El Paso.

CG: One of the initial things that led us to establish the business here in El Paso is that El Paso is really a confluence of transportation sectors between the east coast and the west coast. There's the highway, the rail system, and it's in the border of three states, really. So we found that this was an ideal place to start a plant for fuel, for commercial vehicles, really.

JN: And what kind of experience do you have in the area?

CG: In biodiesel? None. As a matter of fact, I'd never even heard of biodiesel till that day in April 16 when we had a conversation between a break in classes, and I never really—and all my work experience has been in the military, so I had never started a business, never really heard of biodiesel. None, I guess is it.

JN: Can you describe the economy conditions at the time when you started your business?

CG: When we first started the business, well, Larry and I, we were just regular guys. So we started finding out how much it was gonna cost to start the business. And the economic conditions? I guess, we were in the beginning of what we later knew to be a recession, but it was early enough that it didn't slow down our efforts to start our company or anything like that.

JN: And what was the initial reaction of the community to your business?

CG: Well, the banking community didn't like us at all because Larry and I didn't have any really business experience. We were asking for millions of dollars to start a huge plant, and everyone turned us down. One banker eventually said, "You know, if you look for more clients and get contracts and things, maybe we can work with you." So originally our plans grew from a mom and pop kind of backyard thing into a small biodiesel plant. And then when we first started going out and talking to people, we got contracts, and we went back to the bank and

said, Listen, there's a lot of demand out there. And now instead of the original one million gallon per year plant, we've got to expand to five million gallons per year. So I'm gonna need about three times as much money. And the banker actually said, "Listen. You have a great plan. If I were lending you the money, I'd go for it right away, but the bank isn't gonna lend you any." So we started going back to the companies that we got contracts from, and I went out there to tell them that the project wasn't gonna happen. I had resigned my commission as an officer. Larry had quit his job. I think I had maybe two more unemployment checks, and I had about twenty dollars in my wallet. I put ten [dollars] in for gas and went over to Mesilla to tell Mesilla Valley Transportation that it wasn't gonna happen. During that conversation they asked, We like the project. What is it that you need? So I went through it, and all of a sudden they said, All right, let's do it. And that's some time in November. By the end of that month, we already had the beginning of the plant going.

JN: You mentioned before that you started your business with a business plan, right?

CG: Um-hm.

JN: And you used that to get the funding?

CG: Yes. The business plan is very important, and to tell you the truth, I had never done a business plan. So when we had a conversation about biodiesel, it took about three or four days, and I was bored at work one day, so I Googled 'biodiesel'. Just started piquing our interest, and I had a conversation with Larry. I said, "Hey, listen. You know, I think we can do something like this." And we knew from our classes that we had to do a business plan, so I Googled 'award-winning business plans', and I picked three or four of those and turned them into one product.

JN: What was the major obstacle that you encountered?

CG: One of the best ones—and I encourage everyone to do the business plan because it helps you get organized and find some information out. But the main obstacle was financing. The banks wouldn't lend money to a non-traditional business, especially with people that didn't have experience.

JN: And how did you deal with them—the major problems, the obstacles?

CG: The major problems—we kept on trying. There were several times where we just were thinking this is never gonna happen because it's really a pride-swallowing siege just going to bank after bank after bank and getting denied. Still it wasn't a complete waste of time because we started refining our pitch for our business, and towards the end, we really had every question answered.

JN: And what factors helped your business grow and expand throughout the years?

CG: Well, the main one was that when we started the initial production plant, the five million gallons per year, we had about a month into production, and then the economy just completely dipped into that big recession. And we took an unorthodox idea and decided to stop production and take all our efforts into an expansion so that when the economy picked back up again, we had expanded production capacity. And it really worked out, but at the time it was—there were a lot of people that thought we were crazy.

JN: What years would you consider to be the best financially?

CG: What do you mean by that one?

JN: What years have been the best for your business.

CG: Well, the first one, this one (laughing). No, of course, the first one. There's no emotion like, I mean, I had no money left, and someone said, "Let's do it," and asked me what I wanted to make and started paying me. So that was an instant thrill right there. And then developing something of your own, an actual business that has your values and your passion and attitude towards business. So I've got to say the first year was great.

JN: And can you tell me a little bit more about the expansion that you mentioned?

CG: Well, we started off with five million gallons per year and we are, right now, putting the finishing touches on a fifteen million gallon per year expansion, for a total of twenty. As soon as that one kicks off, we're already working on another expansion to add maybe twenty to twenty-five million gallons per year more to that. Eventually on our way up to a hundred million gallons per year.

JN: And Mr. Guzman, what have been your disappointments?

CG: Well, there's been several. I mean, we thought that the suppliers in the area and different workers and everything were gonna instantly accept something green and environmental and everything. But nobody knew what biodiesel was, so we'd go out into the community and try to do something. "What are you guys doing?" "Biodiesel?" "What?" So nobody really knew what it was. It was hard to get that initial acceptance, and then to recruit employees was very difficult because they'd come and [ask,] Well, what are you guys doing? And they'd see an empty building.

JN: What do you think has contributed to your success?

CG: Well, the fact that we're very passionate about making this happen, at first out of necessity because I really put all my eggs in one basket, but after that, it's just stubbornness. It's the best one.

JN: What role did your family play in the growth of your business?

CG: My family was always supportive. The only problem that I encountered was that at the time, I was married, and I had three children and one on the way. And I remember always my now ex-wife always used to mention, “Larry and you are gonna live under a bridge.” And I found it particularly curious that she never included herself in that, so—.

JN: And have you transitioned your business to include other family members?

CG: Yes. Initially—well, we got a lot of support, especially from my father of, generally, ideas of what to do with the company. Two of my uncles, Jorge and Pedro, believed so much in the project that they relocated from Puerto Rico over here and were part of the cornerstone of the business taking off. I mean, they really helped out.

JN: And what is the major advantage of your company over the competition?

CG: Well, we don't really have a lot of competition as Global Alternative Fuels. There is a smaller biodiesel plant nearby, but there are more geared toward the agricultural market, and we actually collaborate more with them than compete with them. I don't think we really have any competition there. And you'd figure that regular petroleum diesel would be competition as well, but our product, really, right now, needs that infrastructure and I believe that we'll be using fossil fuels for the foreseeable future. So our main advantages are that our product is completely clean, and we only have two products—biodiesel and glycerin. We sell both of them. We don't have any waste, and typically, when you use biodiesel in your vehicle, you have 80 percent less emissions.

JN: And right now, do you think that acceptance into the local business community is greater than it was before?

CG: It's very surprising because when we started the business, the whole green acceptance by the public first started to take off, and then with the election of President Obama, people started talking more and more about it. So we, sort of, rolled into that wave, and the acceptance has been pretty good.

JN: Have you expanded beyond the local area?

CG: Well, our product is distributed all the way to Arizona from our main client, which is Western Refining. And initially, we only wanted to cover part of El Paso. We never thought we'd get that far, so it was pretty impressive to start.

JN: And are you a member of any chamber of commerce?

CG: Of the Hispanic Chamber of Commerce presently, but through our business partners with Mesilla Valley, I guess, we belong to all of them.

JN: And looking back on your business, what, if anything, would you have done differently?

CG: That's really a hard one there. I don't know if I would have—[telephone rings].

JN: We continue with the interview with Mr. Carlos Guzman. Mr. Guzman, you mentioned before that you started your company in your backyard, and how did you transfer that idea into the company that you have right now?

CG: First of all, we wanted to make sure that this was something that we could use and that we'd like to do it, so we started buying materials with the chemicals we needed. One of the chemicals, I think, we got at a convenience store. It was just

antifreeze type of chemical with methanol in it, and then we had to order the other component, the caustic soda from this chemical catalog. And that being after 9/11, I sure was surprised no one stopped by and arrested us. But the fun part of it was that I had to buy a deep fryer, and I had to eat a lot of fatty foods. And then we took that grease from there, which was almost black, and that's what we used to do our first batch.

JN: And can you describe more deeply the process of making biodiesel?

CG: Well, the first one we got out of the internet, so it was just like a recipe. It was like baking a cake. But the actual process, the chemical processes is basically, you take triglycerides, just the stuff that clogs your veins, and it looks like a big E. When you hit it with the chemicals, the methanol and the caustic soda, it splits up the three legs of the E, and that's the actual biodiesel. And the part that used to join it together is glycerin. So out of every gallon of oil, we have 9/10ths biodiesel and 1/10th that's glycerin, and we sell both products. So that's kind of a good way to go for it.

JN: Can you describe the lab that you have on your company?

CG: Part of what I started noticing as we got involved in this and I started going to conferences and different things, talking to people in the community, is that quality assurance was something that we wanted to be a hallmark of the company. So I started looking into what it would take to have a lab that we could analyze every part of the operation from start to finish. A lot of the other biodiesel plants typically sent out samples of their equipment—of their product, and they don't know until maybe a week later what the results are. And I thought that wasn't gonna work for this company, and we actually have probably one of the best labs of any biodiesel plant in America. And it's right here in El Paso, so that's pretty cool.

[Maria Herrera]

MH: On average, how much does that [inaudible].

CG: Well, initially, the lab, and people—. Initially, it was a hard sell, but there's over a million dollars of equipment in the lab.

JN: And what service did you offer?

CG: For the lab?

JN: Yeah, what kind of tests?

CG: There's an ASTM set of tests that covers all of the parts for biodiesel, and we performed those tests for our facility, and we also offer services to other facilities to include the other biodiesel company here in the area.

JN: And how did you decide where to place your company?

CG: Well, we thought that to start the company, we needed to talk to a lawyer. So we started asking around, and we finally got a reference for a lawyer. We went there, and he started helping us out and everything. And then the lawyer one day asked us, "So where are you guys gonna do this?" "Have no idea." So as we were leaving that building, it was downtown, and right across the street, we saw a sign that said "commercial real estate," so we walked in. And the first place they brought us to was this old cotton plant. I mean, it was dusty. It was old. The buildings were old and falling apart, but the zoning was right, and they were willing to work with us. The price was excellent. So we started out renting three offices and the building that we were going to put the plant in, and it was so attractive to the investors and to the company, that we ended up buying the entire site.

JN: And looking back on your business, what, if anything would you have done differently?

CG: Well, for one thing, if I would have known what the economic market was going to go into a recession, it would have been—probably, I might not even have done the project back then. If I would have known how hard it was gonna be to get initial financing, I might have, maybe, pursued a different way of getting alternate sources of financing or non-traditional sources. And I really—the business might not have worked if we would have done that. The one thing that I think refined our business plan in the process was being turned down by all these banks.

JN: And what dreams do you have for the future?

CG: Well, part of what I'm working on is I'd like to see the full expansion of Global Alternative Fuels to what we originally planned, a hundred million gallons. And I truly believe that a corporation like ours where you try to keep it as local as possible really has to participate in the community where it's at. And I recently started an organization, it's called UR GREEN, the Upper Rio Grande Renewable Energy and Efficiency Network. And it's a group of people that, what we want to do is bring green collar jobs and environmentally-conscious companies to El Paso. We really think it has the opportunity of a growth area, especially for wind and solar power, and there's a lot of opportunities and talent here in the area, and I think we're headed in the right direction.

JN: And what advice would you offer to a young entrepreneur to start a business today?

CG: Well, first of all, I'd let them know that you're gonna have to find something that you're passionate about, and that's not necessarily a product because I had never heard of biodiesel. I had never started a business or anything like that, but it has

to be something in the process that really inspires you to go for it because it's not easy. It's like a pride-swallowing siege, getting turned down again and again and again, but you just gotta be stubborn. You can't give up. Keep on going at it. It has to be something that motivates you to wake up every morning and go get at it.

JN: And do you think this is a good time to start a business or—

CG: I don't think there's ever a bad time to start a business. And then if you look out throughout the business history in America, some of the better and most lasting companies started out during a recession. So maybe there's something about the hardness of the time that maybe motivates you to try something that perhaps you wouldn't try if conditions were a little bit more steady. I mean, I gotta tell you, I mean, no money, no chance of a job. I had quit. My only option was to go back into the army or to move back with my parents, so maybe that need, that hunger, is what makes a project work.

JN: And Mr. Guzman, anything you would like to add to this interview?

MH: You also mentioned about the zoo project.

CG: Oh, yeah. A part of what UR GREEN does is that it goes out into the community and tries to encourage university students and [inaudible] to the projects. And one of the things that we're trying to do, we call it Poo at the Zoo. And it's basically turning zoo animal waste from the El Paso Zoo into energy by capturing methane gas and what not. So we're trying to work with the zoo, the city and UTEP to see if we can get a group of engineering students to develop a project like that.

MH: Also, you mentioned that you were trying to, in the future, get trash to power your—

CG: The plant? Yes, part of what we were trying to do from the start is to be efficient, and a lot of people say that getting green energy to power a plant is expensive because it's totally different from regular electricity. But if you view it differently, instead of as an expense, as an investment, we can offset our entire electricity use and possibly even sell some to El Paso Electric here. So it's something that we're really pursuing with the city. It would be to eventually offset some of the garbage trucks in this area to this facility and power our biodiesel plant with trash.

JN: So you consider yourself almost 100 percent green company?

CG: We try every day. The hardest part is to get people to use less paper, but we're working on it.

MH: And what did you used to use before to power your—

CG: Well, just regular electricity. Oh, when we first started out, we had a generator that we powered with just 100 percent biodiesel. Now that we have expanded, we use more electricity, so we can't use that one anymore. But we're looking at other sources, but it was great when it was running. It smells like french fries all the time.

MH: And now the hardest thing for you, you said, it was to get the older to work with the new part of—

CG: It has been a problem to integrate the technologies from the old plant to the new plant because they were completely different in the way that they make the product. So part of what we had to do is hire an entire engineering team to design all of this, and we had some ideas on how to do it, but the project got so involved, that Larry and I, not being scientists or engineers, we needed to bring in a lot of support for that.

JN: And do you have any type of waste on the process?

CG: There is no waste whatsoever. We don't use water. We actually generate water in the process, and we don't even have a sewer in the plant, so it's very clean, very efficient.

MH: And all the machines are controlled, right [inaudible]?

CG: It's all automatic. Everything is automatically controlled, and as a matter of fact, it only takes about two people to run the entire plant.

MH: On computers, everything's that's—

CG: Um-hm.

JN: On behalf of the University of Texas at El Paso, I would like to thank Mr. Carlos Guzman for his time and patience.

CG: That's all right.

JN: Thank you.

CG: You're welcome.

JN: And this is the end of the interview.

[End of Interview]

