

# Former energy workers find entrepreneurial courage

By Andrea Rumbaugh | September 1, 2016

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Photo: Elizabeth Conley, Staff

## IMAGE 1 OF 32

Billy Gibbons explains his product at the High Caliber Gun & Knife Show on Saturday, Aug. 27, 2016, in Houston. Gibbons and Hlozek were laid off in the oil and gas sector and have since started the company ... [more](#)

Selling drill pipe was never his passion, and Billy Gibbons was reluctant to seek another energy job after being laid off. He wanted to enjoy his work and make his children proud.

So the Marine Corps veteran took a risk he probably wouldn't have taken before those steady paychecks stopped. He started a company with former colleague and Army veteran Mike Hlozek. Veterans MFG creates bullet-proof vests to protect law enforcement officers and first responders. The titanium core plates make them lightweight and durable.

They also get to play with "boy toys" while testing products at the shooting range.

"It really is the American dream," Gibbons said. "We picked something we like and that we thought was important, that we think has value to society."

With unemployment a growing concern in this oil downturn, many Houstonians are reinventing themselves as entrepreneurs. Some, like Gibbons, are leaving the boom-bust industry to start unrelated companies. Others are capitalizing on years of experience to develop new energy-related products. Many are going the consultant route to market their skills, possibly biding their time until hiring picks back up.

"There's a lot of people who have given up the golden handcuffs," said Walter Ulrich, president and CEO of the Houston Technology Center.

The transition isn't always easy financially. Gibbons used savings for research and development and to cover basic living expenses for his family of four, soon to be five. They downsized from a house to an apartment.



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## MORE INFORMATION

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### *Entrepreneurial spirit*

**Thus far in 2016, Houston-area lenders have issued fewer Small Business Administration-guaranteed loans to energy-related companies than during the same period in 2015. Overall, SBA-backed lending is up locally.**

**2016, year to date: About \$4.5 million has gone to energy loans.**

**2015, same period: \$11.5 million went to energy companies.**

"It's a little bit terrifying," he said. "I'll be perfectly honest."

**Source: U.S. Small Business Administration, Houston district**

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But it feels good telling his children that, 'Daddy protects police officers.' One day, he'd like to pass the business to them.

This entrepreneurial burst has followed past oil busts, said Bill Gilmer, director of the Institute for Regional Forecasting at the University of Houston C.T. Bauer College of Business.

There's an initial surge in self-employment, and a number of the new companies will catch on. Income from self-employed individuals will have a noticeable increase a few years later. More income means more jobs, and employees will buy homes, pay property taxes and go shopping.

The effect is often compared to a forest fire leaving behind seeds for its own regeneration.

"It's an important piece of the healing process," Gilmer said.

Still, the majority of entrepreneurs in Houston and Texas are starting businesses out of opportunity rather than necessity.

The 2016 Kauffman Index of Startup Activity found that 79.45 percent of new entrepreneurs in the Houston area and 80.95 percent in Texas started a business out of opportunity. That compares to 75.4 percent and 80.6 percent, respectively, from last year's report.

The report defines opportunity entrepreneurs as those who weren't unemployed before starting a company.

"Entrepreneurs who were previously unemployed seem to be more likely to start businesses with lower growth potential, out of necessity," the report reads.

In the energy sector locally, John "JR" Reale, co-founder and managing director of the software-focused, co-working accelerator Station Houston, says the majority of people

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## BUSINESS

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he sees creating startups quit their jobs voluntarily.

Pierre Jean Daniel is an exception. He was laid off in September 2015 and used his severance package to co-found Antaeus Technologies.

"I had the feeling that the moment was right," he said. "I had the right team with me and I was in the right financial position."

Daniel had sold software for a large oil and gas company and believed energy companies needed better software to use big analytic data.

Antaeus Technologies is developing a cloud-based platform for energy companies. Using a Web browser that doesn't require installing software on a computer, users can centralize their data and then process them with calculations from different sources.

Station Houston has helped with the business aspects of building a startup. Daniel has master's degrees in theoretical physics and microelectronics, plus management experience in large corporations.

"The world of startups and the world of investors, it's a different world for me," he said.

At the Houston Technology Center, Ulrich said many of its new innovators weren't previously willing to give up well-paying jobs.

"It's usually been something they've been thinking about, something on the back burner," said Nick Tillmann, director of energy acceleration at the Houston Technology Center.

Losing those jobs gave them a push, and often a hefty severance package. Ulrich believes they will create meaningful technology to make the energy industry cleaner and more efficient.

It will also keep talent in Houston, Tillmann said.

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The Houston Technology Center added nine new companies to its incubator or accelerator programs in July, to a record 75 clients. That includes talent that wasn't available 18 months ago.

In June, Scot Rudolph felt like he was voted off the island on "Survivor." At 59, he was thrust back into the world of resumes and networking.

"It's not just that I'm competing with other people," he said. "I'm competing with younger people."

Then he was introduced to Rohit Mahajan, a technology guru who had an idea for a product but needed a health and safety expert. Rudolph, with 27 years of experience in that field, helped him create Saviance Safety Systems to expedite how employees report unsafe work conditions and other incidents via an app called mobilehse on a smartphone.

Workers can include photos, videos and audio files, and the report is immediately sent to the appropriate party. Rudolph said this process will prevent safety issues from falling through the cracks while giving workers access to safety policies and procedures in the field. He's glad to be a part of the effort.

"The truth is, I would not have done this if I had a job," Rudolph said.

Other laid-off energy workers are flocking to the Small Business Administration's webinars and seminars. Houston district director Tim Jeffcoat noticed an increase over the past six to nine months.

Many of them, he said, want to avoid the industry's ups and downs.

Those who change industries often bring one crucial skill from their time in oil and gas: The ability to work hard, long hours.

"If you're going to work that hard and that long, you might as well do it in your own business," Jeffcoat said.

Nicole Derrick agrees. She was used to working long hours in human resources for an energy company. After the weird experience of laying herself off, she now works even longer hours preparing for the opening of her new bridal boutique. It feels good being her own boss.

"I could have my future in someone else's hands or my own," she said.

The idea for Olivia's Bridal House, set to open in the energy corridor in October, came as Derrick was shopping for her own wedding dress and couldn't try on the same variety as smaller brides. Her boutique will specialize in helping curvy and plus-sized brides, though it will accommodate smaller brides, too.

"I'm very excited," she said. "I'm also very nervous at the same time because it has to work."

The gloomy hiring outlook has prompted some Houstonians to start consulting companies. Denise Sanders, for instance, feels corporations will be more open to hiring contract workers than full-time employees.

She originally opened Sanders Consulting in 2009 but was recruited by a client. Now, she's reopened the consulting company to help companies improve their business processes, technology, financial processes, etc.

Braulio Perdigao, chairman for the Society of Oil and Gas Entrepreneurs, said consulting often is a quicker road to entrepreneurship than developing new technology. The majority of attendees at the organization's last meeting were going into consulting, he said, calling it the "path of least resistance." Consultants usually are the first ones hired back when the market rebounds, he added.

Perdigao also owns Petrolessons, a crowd-sourced training website with online videos created by and for oil and gas workers. Professors get paid each time their lesson is sold, and they could meet clients for their consulting companies. Perdigao has seen a recent surge in people creating educational videos for the site.

Katie Mehnert likewise found opportunity in the oil-price crash. She took a severance package and in March 2015 officially launched Pink Petro to connect and develop women in energy. The website provides social networking and learning and development opportunities. Mehnert wants to help the industry attract and retain women.

She said 40 percent of the members surveyed on Pink Petro have met new people or found new job opportunities. She's working to create an official recruitment tool.

During a recent Pink Petro webinar, April Sharr discussed the importance of mentoring. Sharr launched MentHER.me a few weeks ago to help companies create mentoring programs to develop talent, particularly their female talent.

She started the company after being laid off in November. She was seven or eight months pregnant and her family's sole earner.

After using up her maternity leave, vacation time, severance package and bonus, Sharr said she was forced to collect unemployment. She created MentHER.me both out of necessity and opportunity.

"You need to put yourself out there and take risks to have successes," she said.



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