

FEATURE

The Art of the Deal

WHY TILMAN J. FERTITTA IS THE ULTIMATE BILLION-DOLLAR BUYER

BY LAURA SCHREFFLER

TILMAN J. FERTITTA IS ANYTHING BUT YOUR AVERAGE BILLIONAIRE. CASE IN POINT: WHEN ASKED about the first major purchase he made after becoming a billionaire, the man responsible for the largest deal in NBA history—the 2017, \$2.2 billion-dollar purchase of the Houston Rockets—says he can't remember.

"You don't wake up one day and say you're a millionaire or billionaire; it just kind of happens," Fertitta maintains from his home base of Houston, Texas. "You get a financial statement, and you say, 'I'm worth a million dollars.' When I went public in 1993 and private in 2010, I bought a place in Beaver Creek at the Park Hyatt. Somewhere along the way you buy a boat, you buy another business. I'm more into buying businesses than I am buying toys. Business is my hobby; I just love it."



SPALDING

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His fondness for wheeling and dealing means that his reach is far and wide. Through his restaurant and hospitality company, Landry's (of which he's the sole shareholder), Fertitta owns and operates 600 restaurants in 36 states and over 15 countries, which include high-end chains like Mastro's Steakhouse and Morton's The Steakhouse, as well as mainstream favorites like Dos Caminos, McCormick & Schmick's, Rainforest Cafe, Bubba Gump Shrimp Co. and Saltgrass Steak House; he also has 50-percent ownership of Catch, one of the hottest eateries in Los Angeles and New York. He also owns and operates entertainment destinations and amusement parks like Downtown Aquarium - Denver and Tower of the Americas in San Antonio and several hotels in Texas, as well as five Golden Nugget Hotel & Casinos. The gaming industry is Fertitta's most successful venture, generating \$300 million a year. It also happens to be a family venture—his third cousins, former UFC owners Frank III and Lorenzo Fertitta, own Las Vegas' Station Casinos.

In 2016, the 60-year-old, self-made billionaire finally succumbed to popular demand and agreed to host his first reality series, CNBC's *Billion Dollar Buyer*. On the series, which is now in its third season, Fertitta looks to small businesses to meet his customers' needs, personally scouting the country for the most innovative new products American entrepreneurs have to offer.

"Anytime you're fortunate enough to be able to do something that you haven't done before, you should," Fertitta says of his decision to do the show. And although he hasn't discovered anything revolutionary, he has made some interesting discoveries, such as a \$300,000 investment in the organic SOCIAL Sparkling Wine company.

"The show really gets you out there to look at the latest and greatest products, to see what the millennials are coming up with," he says. "Lots of things have impressed me [that I've been pitched], and while I don't know that I would say I've found something unbelievable yet, I have found a lot of unique little products that consumers really like."

That said, filming *Billion Dollar Buyer* is a lark for him, and he has always chosen projects based on specific variables: if they're fun and feel right, whether or not they have the potential for longevity. His very first restaurant, Landry's

Seafood in Katy, Texas, opened its doors in 1980 and still exists today.

"The art of the deal drives me," he says with a laugh. "I get to do businesses that are fun... but when you have a company as big as mine, you have to prioritize certain things. I'm at the point in my life where I build things that are going to be here forever." Take the newest addition to his portfolio, the ultramodern Post Oak Hotel at Uptown Houston, which opened in March. Even though it wasn't a sure thing financially, he proceeded with the 10-acre, mixed-use concept simply because he wanted to. "Even though the numbers didn't really work, I know in the long term it will be fine," he says. And more importantly, "Building a five-star hotel in Houston was always something that I wanted to do."

So was buying his hometown team, the Houston Rockets. The Galveston native made his "lifelong dream" come true in October; he had previously tried to buy the team in 1993, but former owner Leslie Alexander beat out his \$81 million bid by \$4 million.

"It's great," he enthuses. "I've been sitting on the front row next to the owners for 25 years and always had a lot of perks, but it is fun being the owner, definitely. You're treated differently. The buck stops with you: If you want to raise prices, you raise prices. If you want to trade somebody, you trade somebody. You're the boss. And there's nothing like winning!"

"Winning" is a concept he's familiar with: He's done it for most of his career. Although he says he's made his share of errors—"I haven't done deals that I should have done, I've screwed things up, absolutely... because we all make mistakes"—Fertitta has more than earned the right to choose passion projects: Since 2012, he has maintained a spot on the prestigious Forbes 400 list, with a current estimated wealth of \$4.4 billion.

Yet, one doesn't acquire such wealth with just luck alone. "I think one of the secrets to my success is that I believe in change," he says, noting that he tries to roll with the punches and doesn't dwell on the things he can't change.

And there's more. "Never let things get away from you," he says. "Use good judgment and common sense, and never have black-and-white rules for yourself or for anybody else. This is how to be on top of your game."

And while many of his top executives have been with Fertitta Entertainment for over 20 years, he knows it's not only smart but essential to learn from a younger demographic. "People always want to trash millennials for not having

HE'S "THE MAN"

(Right) Fertitta poses with Houston Astros shortstop Carlos Correa at the Houston Children Charity's 20th anniversary gala in 2016. Fertitta, the organization's founding chairman, was honored with the "Man of the Year" award.



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a good work ethic, but really, they just want to be entrepreneurial,” he says, adding, “We hire lots of young people. I have two sons that are working with me in the business now [Michael, 25, and Patrick, 23]. They look at things from a different angle, and to be successful, I need that. If you don’t stay ahead of everyone else in terms of music, menu design, interiors and the latest, greatest things, you’re going to get passed by. One of the ways to stay on top of your game is to put millennials around you to self-check certain things, and I do that all the time.”

Luckily, he can afford to buy himself some time, thanks to his trusty Gulfstream V jet. “To be able to get anywhere, whenever you want and not spend all that wasted time in a public air terminal is a luxury. I haven’t flown commercial since 1991,” he confides, adding, “I’m not saying that in a brag-ish way, I’m saying it in a very fortunate, loving, humble way that I haven’t had to. I hope I never have to experience it again, but if I did, that’s just the way it is. You adjust. I’m not saying that I’m not [fortunate], but it worked out that way, and I’m happy about it.”

But don’t forget—this self-made billionaire is a man who makes his own luck through hard work... and loves every moment of it. “Every year I say I’m going to slow down a little bit, and every year things seem to get busier,” he says. “It takes a lot to keep me occupied.”

One might wonder: “When will enough be enough?” But for a person who thrives on change as much as Fertitta does, the answer, of course, is never.



THE BILLION DOLLAR BUYER

On Billion Dollar Buyer, Fertitta vets potential money-making products, such as (clockwise from top left) SOCIAL Sparkling Wine (with Lisa Selman, Leah Capitanis and Courtney Criezis); Texas Mattress Makers; and Nino's Pasta (with Carl Mazzone and Gaetano Ciccone).