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A Capitalist in Patagonia

Warren Adams, of Patagonia Sur

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He became rich after selling a social network that he created 10 years before Facebook. Then, after a tour around the world with his wife he fell in love with Patagonia and bought 30,000 hectares with one idea in mind: to protect them and make them profitable through ecotourism, lodges and private homes; a new Tompkins, but for profit.

By Sabine Drysdale

“There were wise people who warned me against making a business out of a hobby”, says Warren Adams across the line from his home in Martha's Vineyard, the exclusive East Coast resort of the United States, where he lives with his wife and three children.

“But I did not listen”.

- Do you repent?

- “Can one repent of having to think of Patagonia day and night?”

Warren Adams is one of those guys who wake up every morning full of ideas in his head. Some are dismissed quickly. Others haunt him for years. Now, one of those stubborn ideas has him feeling an old man of 85, when in fact he is 45.

“It is hard, a lot of work when you have to turn a dream into reality”, he says about what is now his main company, Patagonia Sur, a mix of conservation and business.

The dream began in 1999, when he and his wife, Megan, both former graduates from Harvard, took a sabbatical year to travel the world. Warren Adams had just won his first \$ 100 million after selling to Amazon his company Planet All - a network of contacts much like Facebook but a decade ahead of Facebook. The idea had been hovering his mind while a student at Colgate University in the U.S. and he made into a company during the dot-com boom.

After the \$ 100 million, they traveled for 400 days, visiting Mexico, China, Japan, Alaska, Ecuador, India, Antarctica, New Zealand, Morocco, in total 23 countries, hundreds of thousands of kilometers, but only one place captivated them: Patagonia.

-“We could have been placed in separate rooms and asked the same question. Of all, that was the place that struck us emotionally. We were stunned by the wild nature, its beauty, the simplicity with which one could live there, and that it was

relatively untouched. Compared to other countries, it is an empty, pristine place”, he says. “We kept wondering how to stay connected with this area. I had to find an opportunity to do something”.

It was years of mulling over the issue until he devised an unprecedented scheme to acquire a piece of Patagonia, preserve it and at the same time make it profitable; much like capitalist conservation.

Armed with a power point presentation, he raised funds amongst U.S. and Chilean investors to buy 30,000 hectares between Palena and Villa O'Higgins, of which a small percentage, less than 10%, could be exploited productively.

Yet, Adams hopes to increase the surface to 45,000 hectares with new investments. Through a legal system called "conservation easement" he seeks to protect these lands permanently and give them a sustainable use for agriculture, ecotourism, lodges and private homes. Prices are approximately \$1,500,000 CLP the hectare – US\$3,000 – for lots ranging from 10 to 250 hectares including full access to the whole common conservation area.

“Here we all put our money and invest together, so we may have a much greater impact than if each had its own farm”, he says. “Between us all we can protect the environment by buying entire ecosystems, from where the water originates up in the glacier down to where it empties into the ocean”.

They did that in the 3,000 hectares comprising Valley California, near Palena. He also sells carbon credits. This year Warren Adams expects his business to deliver its first yield.

The capitalist view at conservation is what distinguishes him from United States' Douglas Tompkins.

Adams is careful of his words when he speaks of Tompkins.

-“We met in Chile”, he says. “It was a private conversation. But I can say that we have very different models. We are not environmental activists. We go looking for capital, buy land to protect it, but look for ways to generate profits. It is important for Chile and Patagonia that conservation does not only mean placing the land in a museum. Our goal is to make it more productive economically than it was before we bought it.”

- Why not look for conservation areas in the U.S., for example?

- “It is almost impossible to find an entire ecosystem that is not fragmented in the U.S., plus the prices are very different. With the same amount of money a lot more can be protected in Patagonia than in Alaska or New Zealand”.

- Are you betting on land going up in price?

-“The price of land will rise. It is just a matter of looking at history and compare prices in Patagonia now and elsewhere, such as Maine, Seattle, Port Oregon, New Zealand. When an airport is built and tourism brings more people, a raise in prices occurs. We want to anticipate all that development and protect the land

before it becomes a popular destination.”

- Is not this elitist?

- “Backpackers and local people should also have access to enjoy nature. For instance, our master plan considers public access for hiking. Our first fund came to US\$ 30 million. If all goes well we hope to raise a larger one to attract people who want to buy a US\$15 share for conservation. I do not think it is fair to say that this is elitist.”

Warren Adams admits that when this was just a project in a power point it was easier to attract foreign investors than Chileans. But now that the idea has moved forward, interest is leveling. Together with John Fisher, who runs Draper, Fisher, Jurvetson, one of the venture capital funds best known in the U.S., and Mexican Alvaro Rodriguez, CEO of venture capital Ignia, there is a group of 43 Chilean investors who have opted for Patagonia Sur, including Aristides Benavente, representative of Gap and Ralph Lauren in Chile, Felipe Valdés founder of Tiaxa, Juan Andres Camus, of Celfin, Charles Kimber, CEO of Arauco, and Henry Purcell, owner of SkiPortillo and Tierra Atacama Hotel.

- What is your opinion of Hidroaysén?

Warren Adams stays silent for a few seconds.

“I think that it would not be good for Patagonia. The best for Patagonia is to have flowing rivers and no transmission lines, but for Chile as a country it is more difficult to assess. Chile needs energy and that energy would bring changes to people's lives. My hope is that the discussion considers all of the existing renewable energy alternatives.”

- Would it directly affect your property?

-“No”.

Before the \$ 100 million, before the world tour, long before Patagonia, Warren Adams was the typical son of the Italian-American middle class with more hardships than satisfactions, which forced him from childhood to find entertainment in nature.

-As a child my mind went loose in the outdoors, studying insects, fishing. So holidays were camping, hiking, and those sorts of things.

Through his father's work, a chemical engineer, they could travel and see beyond the United States. He went to Belgium in an exchange; studied in Germany, and worked in London.

-“I see myself as a global citizen and an entrepreneur”, he says.

His first job, at age 11, was distributing newspapers every morning before going to school. He also shoveled snow from driveways for a few dollars. That is what he was telling his sons a few days ago when it snowed at his home in Martha's Vineyard, the same place where the Kennedys and the Clintons spend their holidays. Obama has been swimming at the beach in his property.

- How does someone's life change when he becomes rich from one minute to the next?

-“It does not change the core or the character of a person. It just gives you more opportunities and also more headaches.”

With Megan they met in 1997 in the same building where the office of Planet All was located, and where she was trying to set up an online trading office. Occasionally, they saw each other at the lobby when he arrived skating to his office. According to a 1999 article in The New York Times, the romance began when, thanks to Planet All, Warren Adams learnt that it was Megan's birthday and he sent her a message. He asked her out, then to a trip to London and never separated since. Friends who know them say in the same article that, while he is a minimalist, she can be as perfectionist as Martha Stewart.

In August 1998 he sold Planet All and in October proposed her marriage online with lines like: "Would you let me go fishing whenever with the children? I promise to always go with you looking for antiques."

Megan is today in charge of marketing at Patagonia Sur.

- How is it working in the same business with your wife?

'It's a great way to spend time together and work on something that we both are passionate about, but we have to remind each other to spend time on things other than discuss Patagonia Sur. Like any start-up company, Patagonia Sur can eat up your life.

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