From Humble Beginnings

Many young Americans with an entrepreneurial spirit have risen up from humble beginnings. They’ve had creative ideas and worked long hours, often parlaying all of this hard work into an economic empire. Quite a few have begun their journeys of success in the great port city of New Orleans.

Robert E. Lee Blaffer was born in the Crescent City in 1873, son of John Auguste Blaffer and Clementine Schneider. John Auguste’s brother served in the artillery battery of Louisiana Guards commanded by attorney and Judge Charles Erasmus Fenner, in whose New Orleans home Jefferson Davis died. Years later, young Robert E. Lee Blaffer met Mississippi lawyer and Jefferson Davis’ grandnephew, William Stamps Farish II, in a Beaumont, Texas, rooming house where history was soon to be made.

In 1904 Blaffer and Farish saw the overwhelming potential of oil, and paired up together to form a partnership to do contract drilling and lease trading. At this they were very successful, so the next step was co-founding the Humble Oil Company (chartered in Texas in February 1911 with a capital of $150,000 - raised to $300,000 in 1912). The company was reorganized in 1917 and incorporated on June 21 as the Humble Oil and Refining Company with a capitalization of $1 million based on 40,000 shares at $100 par value.

The original company resulted from the collaboration of Blaffer and Farish with Walter Fondren, Ross S. Sterling (later governor of Texas, 1931-1933) and others. In 1919, Humble doubled the number of shares authorized and sold 50 percent of its stock to Standard Oil Company of New Jersey (remember Esso). This initiated Humble’s long-term connection with the company that eventually absorbed it as Exxon U.S.A. Today ExxonMobil (formed 1999) is the world’s largest publicly traded company when measured by market capitalization.
Humble Oil was named for the Humble Field. Known as perhaps the greatest salt dome field, by 1946 production from several strata there exceeded the total for the famous Spindletop. The Humble Field was named for the crossroads community (now oil “boom town”), which was named for a wandering settler named Pleasant Humble who brought his family to the area just before the Civil War.

Robert E. Lee Blaffer married the daughter of Texaco founder, William Thomas Campbell (who signed the original charter of the Texas Company, which became Texaco). Texas Governor James Hogg, a partner of Campbell’s, later called the marriage, “the conglomerate of the century.” “Sarah Campbell Blaffer,” according to *Debrett’s Texas Peerage*, “was the nearest equivalent of Texas royalty” and the queen of Texas Society. The Blaffer-Campbell marriage combined two of the world’s great oil fortunes. And half of that combine came from a New Orleans family of German ancestry.

Governor Hogg’s only daughter, Ima (1882-1975), became renowned for her unusual name and as a philanthropist throughout her long life in Texas. Edward Mandell House directed Governor Hogg’s triumphant campaign and was given the honorary title of “lieutenant colonel” (shortened to “colonel” by the press). Colonel House was later President Woodrow Wilson’s second in command, taking his place at the head of the American delegation in the negotiations of the Treaty of Versailles.

Colonel House was born in Houston in 1858, the son of Thomas William House, banker, merchant, wealthy landowner and one of Texas’ leading citizens. Prior to this fame, Colonel House’s father (the name *Huis* was of Dutch origin) had humble beginnings in New Orleans.

Born in England, Thomas William landed in New York City in 1835 where for a year he earned his living as a baker. His skill at this trade brought about his discovery by the proprietor of the first St. Charles Hotel in New Orleans. He was induced to head south and take charge of the hotel’s bakery.

There were to be three St. Charles Hotels at that site, and all were truly magnificent. In 1835, architect James Gallier and partner Charles Dakin were asked to build the first hotel – one that would surpass any other in the world. It was actually called the St. Charles Exchange Hotel and was destroyed by fire in 1851.

But House the house baker was restless, founding in 1838 the firm of House and Loveridge (bakers and confectioners) in Houston, Texas. The next year House formed a partnership with Charles Shearn (later Chief Justice of Harris County). In 1840 House married his partner’s daughter and began accepting bank deposits. He produced and sold
the first ice cream in Houston and began an extensive grocery, hardware and dry goods trade.

T. W. House and Company became the largest wholesaler in the state, selling every needed commodity. Becoming a commission merchant, House’s great private bank grew out of cotton factoring. In 1851 he helped organize the Houston and Galveston Navigation Company, and served a term as Houston mayor in 1862. In 1866 he organized the city's first public utility, the Houston Gas Company. In 1872 House acquired an extensive sugar plantation at Arcola. He also grew cotton and had a 70,000-acre ranch in La Salle County.

He was involved in so many aspects of the building of the city of Houston. Active in organizing the first street railway, the Board of Trade and Cotton Exchange, the Houston and Texas Central and other railroads, he traveled a long way since his days as baker in the St. Charles Hotel.

Dry goods seemed to be a good starting point in those days when pioneers were on the move. One of the world’s largest investment banks started that way in New Orleans in 1848. Lazard Ltd (parent company of Lazard Group LLC) had its origins when three Jewish brothers from Lorraine, France, formed Lazard Frères & Co. in New Orleans. Alexandre, Simon and Elie Lazard moved to the United States and formed the company as a Crescent City dry goods business with a humble contribution of $9,000.

Soon after that, the Brothers Lazard left New Orleans for San Francisco, California, to profit from the gold rush. They opened a business selling imported goods and, in turn, exporting gold bullion. This business evolved from retail financial services to more intricate commercial transactions. Lazard continues to provide advice on mergers and acquisitions, asset management, restructuring and raising capital.

Though J. Pierpont Morgan (American banker, financier, banker and art collector) dominated industrial consolidation and corporate finance during his lifetime (1837-1913), he did not exactly come from poor beginnings. Returning to New York City after some training at his father’s firm in England, he was hired at Duncan, Sherman & Company. And there he started off as a humble copyist (no typewriters in those days for business documents or contracts). Soon young Morgan advanced and was sent on research missions for the firm, traveling throughout the South scouting information on the cotton trade, then a major part of the southern economy. One of his earliest coups was buying a shipload of coffee in New Orleans and selling it to local merchants at a profit. The great financier would engineer other deals, often forcing his competitors to eat “humble
pie”.

Hope the reader has enjoyed the histories of these dynamic individuals. I remain your humble servant,

NED HÉMARD

New Orleans Nostalgia
"From Humble Beginnings"
Ned Hémard
Copyright 2009