

A Century



ABC RECYCLING PLANS TO REACH EVEN GREATER HEIGHTS IN ITS SECOND CENTURY OF OPERATIONS WHILE REMAINING A FAMILY BUSINESS TRUE TO ITS FOUNDING PRINCIPLES.

BY KENT KISER

Four generations and 100 years—that's how long ABC Recycling (Burnaby, British Columbia) has been in the recycling business, making it part of an elite group of family companies to achieve those milestones. Its long history in the scrap trade is a quintessential immigrant family story, one that began when Joseph Yochlowitz left his native Poland for Vancouver in the early 1900s to start a new life for his family by peddling scrap from

Joseph Yochlowitz (far left) gave the family its start in the scrap trade, and three subsequent generations have carried on that business tradition: Molly and Daniel Yochlowitz; siblings Helen, Harold, and Melvyn Yochlowitz; and David Yochlowitz, Karen Bichin, and Mike Yochlowitz.

his horse and wagon. Three subsequent generations have parlayed his humble enterprise into a \$180 million, seven-location powerhouse in the western Canadian recycling market. How has ABC succeeded for a century while so many other family businesses failed? The fourth-generation leaders—half-brothers David Yochlowitz, CEO, and Mike Yochlowitz, purchasing manager, and their cousin, Karen Bichin, manager of community relations—point to the company's innovative partnerships with other scrap operators, strong relationships with customers and employees, progressive handling of family issues, and extensive community involvement. Even as they celebrate their company's centennial, however,

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of Success



ABC's principals have their eyes on the future. "We think long-term in everything," David says. "We're proud of what we've achieved—not just the success, but how we achieved it, doing it the right way. With 100 years now behind us, we can look ahead and ask how we can be successful in the next 100 years."

A NEW LIFE IN A NEW WORLD

Family ties drew Joseph Yochlowitz—and later his wife, Sarah, and their four children—roughly 5,000 miles across an ocean and a continent, from Lodz, Poland, to Vancouver. He had an uncle in the scrap trade in what was then a growing port city. He started a scrap peddling business in 1912 and opened physical operations under the names J. Yochlowitz in 1919 and Service Auto Wrecking in 1928.

Daniel, one of Joseph and Sarah's three sons, started his own scrap venture in 1935, ultimately buying a yard in downtown Vancouver and incorporating the company in 1949 as ABC Salvage &

Metal. Daniel's sons, Harold and Melvyn, assisted him in the business, with Melvyn officially joining the company in 1957 and Harold following in 1961. (Their sister, Helen, joined the firm as well in the late 1980s. Now semiretired, she continues to work for the company part time.)

In 1964, Harold persuaded his father to buy a 10-acre parcel of land in Burnaby, a suburb of Vancouver, to give the company the space it needed to increase its scrap inventory and sell directly to mills. The land—essentially a peat bog—was \$1,000 an acre, a bargain even then. In the late 1960s, the Vancouver city government expropriated two ABC lots downtown to build the Georgia Viaduct, paying the firm \$50,000. The company used the money to develop its Burnaby yard, which involved filling the bog with 10 feet of dirt. After that effort—which took seven years—ABC constructed an office/warehouse building and installed a rail spur on the property. "The rail track was key," Harold says, "because then we could sell anywhere."

In the 1970s, Harold and Melvyn assumed leadership of the company, changed the firm's name to ABC Recycling, and added several pieces of equipment, including a guillotine shear, a baler, a furnace for smelting iron aluminum, and a smokeless wire burner. With those purchases, the company left its rudimentary past behind and "truly became a recycling scrapyards," Harold says. In the 1980s, the company faced a firestorm of challenges, however, including the deaths of Daniel and his wife, Molly; fierce competition in the British Columbia scrap market; the shuttering of the local steel mill; and high interest rates. In serious debt and on the brink of bankruptcy, ABC managed to work its way back by selling some assets—such as its trucks—and repaying its lenders and customers slowly but surely.

David Yochowitz, Harold's eldest son, became the first fourth-generation family member in the company when he started in 1988. "When I came into the business, it was pretty old-school here," he recalls. The company did no strategic planning and had lost focus on its core values, he

ABC purchased this 1,100-ton Richards guillotine shear (top right) in the 1970s, and it's still going strong. The company also processes ferrous scrap using torches (right), Al-jon baler/loggers (below), and mobile shear attachments.



says. David—a graduate of the British Columbia Institute of Technology (Burnaby)—organized, structured, and centralized the company’s internal functions and operations. He replaced unproductive staff with more motivated individuals and gave them more autonomy. He pushed the company to expand its nonferrous business, including by launching an international brokerage division. In sum, David’s input helped ABC become “much more structured,” Harold says.

These and other changes helped ABC more than triple its annual revenue, from \$18 million in the late 1980s to \$58 million in 1999, while expanding to 50 employees at two operations, in Burnaby and Campbell River. David assumed day-to-day leadership of the company in 1999, and the company took off running in the new millennium. By 2006, its revenue had almost quadrupled, to \$223 million, and it earned numerous accolades as one of the best private companies in British Columbia.

Beginning in 2005, ABC also embarked on an innovative growth plan, expanding into new areas of British Columbia by establishing joint ventures with existing recyclers in its target markets. In 2005, it joined forces with Terrace-based

Bold Salvage to expand its reach into that town, subsequently opening two additional locations with the company in the province—Prince George in 2011 and Fort St. John in 2012. Similarly,



Through the Kidney Cars and Kidney Metals programs, ABC customers can opt to donate some or all of the monetary value of their scrap—such as the car hulks and railcars shown here—to the Kidney Foundation of Canada.





ABC partnered with Action Metals Recycling in 2007 to open a state-of-the-art facility in Kelowna. With the Burnaby headquarters, an additional ABC facility in Surrey, and the joint-venture locations, the company now has seven recycling operations that handle about 20,000 tons of ferrous a month and enough nonferrous to make it the largest nonferrous processor in western Canada, David says. The company now has about 180 employees across the seven facilities, and it projects its 2012 revenue will reach approximately \$180 million.

One of ABC's more recent improvement efforts was a branding campaign it initiated in 2007 and continues today. "Our brand has to state what we're all about," says Mark Simmons, manager of marketing and communications. This effort included designing a new logo and brainstorming a corporate slogan. After much discussion, the principals agreed on a logo shaped like a lugger bin—common equipment at ABC—with an abstract globe on its side, suggesting the company's international scope. Its new slogan—"Powered by Metal. Guided by Inner Strength. Since 1912."—says it all, says Karen, Helen's



Since its founding, ABC has specialized in recycling scrap metal, encompassing everything from insulated copper wire (top) to stainless steel (above) to steel cans from curbside collection programs (left) and other ferrous grades. The company ships virtually all of its material out of Canada to customers in China, India, Indonesia, Japan, South Korea, Vietnam, Taiwan, Thailand, and the United States.

retreat in 2006 to strengthen connections among family members and give the members of the fifth generation an opportunity to bond. Though the retreat includes an update about the family business, the "main idea is to have fun together—and we do," Karen says. "The challenge for most families in business together, and ours is no exception, is to sustain a broad business-family community where shared experiences are the norm and open communication is the glue that holds us together." The most recent fourth-generation family member to join the company is Mike, Harold's youngest son, who started there full time in 2006, after graduating that year from the University of Victoria.

daughter, who joined ABC in 1999 after earning degrees at the University of British Columbia (Vancouver) and Concordia University (Montréal) and working in arts administration. "Our business is metal, and metal is a very powerful material. Inner strength has carried us through, from our great grandparents in 1912 to today." ABC has spread its new brand far and wide to make it consistent throughout its operations, updating everything from its business cards (which are cut like lugger bins as well) to its signage to its website. Even the company's partners agreed to brand their joint operations with the ABC Recycling name to strengthen the company's presence and power in the market.

MELDING FAMILY AND BUSINESS

As ABC grew, its executives realized that one of its strengths—its family leadership—also could destroy the company if not handled properly. "The potential conflict was going to become a problem if we didn't start dealing with it," Karen says. "I was worried that we didn't have a solid framework for building trust and open communication among family members. We needed to address critical and sensitive relationship issues in a safe environment."

In 2004, she and David decided to make ABC a member of the Canadian Association of Family Enterprise (Oakville, Ontario). They joined personal advisory groups within CAFE, where they can share ideas and concerns with leaders of other family businesses, and they hired a family business consultant to help them keep ahead of ABC's family matters. With that input, the company established both a family business council, which consists of family members who are active in ABC, and an advisory board of family members, nonfamily company managers, and individuals from outside the company to help ABC with strategic direction and family transition issues. In addition, ABC started holding a family business

Another change the company instituted is a set of rules for fifth-generation family members interested in joining the business. Before they join, these individuals must complete some type of postsecondary education and work outside the company for at least five years. The outside-the-company work requirement is designed to increase their self-esteem and give them professional skills they can bring back to ABC. Further, fifth-generation family members can only gain common shares by working in the company, earning the shares based on their level of responsibility. “There’s no entitlement in this business,” Harold says. “You have to earn your way in if you want to be part of it. That’s important.”

These rules “make sure the next generation really wants to come into the business,” Karen says. “I think it just makes sense. It’s a best practice for family businesses.”

NURTURING EMPLOYEE EXCELLENCE

When ABC’s principals talk about their family, they often use the term more broadly to include their employees, customers, and business partners. “Whether it’s the people inside or outside the company, everything the company does revolves around people,” says Dirk Odenwald, chief financial officer. First and foremost are the company’s 180 employees, who enjoy a long list of benefits beyond competitive pay and insurance that includes pension and profit-sharing programs, full reimbursement for education expenses, job training, and social events for employees and their families. “We want everybody to feel part of the company and be rewarded fairly,” David says. “We’re making sure the people who helped us get here are part of our success.”

As part of that effort, ABC gives employees the opportunity to advance within the company. The principals tell the story of the Do family, for example, which emigrated from Vietnam to Vancouver in 1984. Van

Xuong Do started working in the Burnaby yard as a laborer, and his sons, Ken and Henry, joined him in 1986. When the company started trading with China, its executives recruited Ken—who spoke Cantonese and Mandarin Chinese, Vietnamese, English, and a special dialect—to travel with them and serve as a translator. Ken Do subsequently started the company’s brokerage operation and built its export business until his untimely death in 2009. Now, Henry Do runs the brokerage business.

ABC recently started a new program in which it asks employees to submit

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ideas for improvement, giving cash awards for the top suggestions. “We know the people doing the jobs have the best ideas, so we want to cultivate that and work with them,” David says. “We want to use their input to develop best practices.” On a more personal level, ABC’s executives say they take an interest in their employees’ lives outside of the company, attending landmark family events, such as weddings, and even lending money to staff under certain conditions. “We support our employees through good times and bad,” Karen says. “There’s a sense of loyalty between the family and our employees.”

ABC considers its safety efforts a reflection of its concern for its employees. “Our vision starts with safety,” says Brent MacKinnon, corporate human resources manager. “Our goal is for everybody to go home the way they came in.” MacKinnon, a former safety expert in the forestry industry, has helped ABC refresh its already-solid safety programs. “We wanted to be a leader in safety, environmental management, and processing, so we searched out what it meant to be the best in those areas,” David says. “We

want to make sure we’re right where we need to be.” The company now has a safety committee at every site, and it’s creating a competency-based training system for each job to raise employees’ knowledge of their duties and make them safer while performing them. Many of ABC’s recent safety efforts focus on “getting an attitudinal and behavioral change toward safety in which employees make safety an important element in their daily lives, whether they’re at work or at home with their families,” MacKinnon says. The company has noticed positive progress, with employees getting more

involved in its safety activities—such as volunteering to be first-aid responders—but it’s aiming even higher. “Safety is a journey,” MacKinnon says.

In the past dozen years, ABC steadily has hired more nonfamily professionals for critical managerial posts: CFO, environmental manager, chief operating officer, human resources manager, logistics manager, project manager/analyst, maintenance manager, and—soon—sales manager. The family members say they realized ABC could only grow so large if it didn’t look beyond the family circle. Also, watching large scrap consolidators acquire their competitors motivated them to recruit outside executive talent to step up their game. These hires have “brought a lot of outside expertise and different ways of operating into the company,” Mike says. “It’s been quite a shift, but it’s exciting.” Harold adds that “we’re heading to a new level, and we need these people to help take us there. I find it to be a breath of fresh air.”

A TRADITION OF CHARITY

ABC’s dedication to the communities in which it operates traces back to

the Yochlowitz family's adherence to the Jewish tradition of *tzedakah*, often translated as charity. ABC gives a proportion of its profits to various local charities, such as the Burnaby Firefighters Charitable Society, and it matches employee contributions to United Way of the Lower Mainland.

The company focuses much of its giving on medical charities, most notably those related to kidney disease and premature childbirth, both of which have affected the Yochlowitz family over the years. It spearheads the Kidney Car and Kidney Metals programs for the British Columbia branch

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of the Kidney Foundation of Canada (Montréal), which give scrap suppliers the option to donate some or all of the payment for their scrap to the foundation. ABC also supports the Burnaby Hospital Foundation, to which it has donated a bladder ultrasound scanner, contributed \$30,000 toward the purchase of an isolette (a transport incubator for premature infants), and pledged \$50,000 over 10 years to endow the ABC Recycling Family Bursary. For the BC Women's Hospital & Health Centre (Vancouver), ABC has pledged to give \$100,000 over the next three years to support the hospital's newborn ICU campaign, with David—who serves on the campaign's cabinet—matching that \$100,000 donation.

ABC supports its community in other ways as well, including hosting tours for school groups and giving every employee two days of paid time off each year to work on specific community initiatives. One such initiative, Burnaby Homeless Connect, is an outreach event in which employees assist homeless individuals in the community by preparing meals, helping them with personal hygiene, and more. To ABC's family leaders, such a community focus is simply

"who we are," Karen says. Harold echoes that sentiment. "You have to give back to the community," he says. "If it weren't for the community, we would not be here."

THE PARTNERSHIP PATH

ABC's philosophy of focusing on relationships among its family owners and with its communities also applies to its customers and partners. From its founding, ABC sought to establish a reputation for fairness, integrity, loyalty, respect for everyone, and friendliness. "When you make a deal with ABC, their word is solid—you

don't need it on paper," says Steve Dawydiak of ABC Traders (Richmond, British Columbia), an ABC supplier for more than 30 years. The company forges lasting bonds with customers by getting to know them and finding out what's important to them, David says. "We listen to what our customers want and need, then we make sure we give them the best service and value." ABC allows some customers to access its scale in off hours if it suits their schedules better, for example. It also lets some drivers making long-haul deliveries park in its yards so they have a safe place to sleep. The goal, ABC's executives say, is to establish win-win relationships that last for years.

In fact, ABC turned its strong customer relationships into business partnerships with Bold Salvage and Action Metal Recyclers, which previously sold scrap to the company. Working with those fellow family businesses for years confirmed to ABC that they shared the same values and had the same desire to grow in the recycling industry. Though ABC could have established its own operations in those locations, it viewed partnerships as a better approach that would take greatest advantage of its partners'

established connections in their respective markets. "It's important for our partners to be part of their communities," David says. "They live and work in the communities, so they're going to give back to them. They have a strong bond in each place we've expanded." Together, the companies can pool their tonnages, benefit from each other's expertise, and share assets, such as ABC's more than 100 railcars. The partners also help make some pivotal decisions in the larger company, such as helping to select the new COO. A quarterly business review meeting that all partners attend ensures everyone is on the same page.

One of the best benefits of these partnerships, ABC's executives say, is that they allow smaller operators to remain in business and continue building a legacy for their heirs. "Our partnerships are a franchise-type model that allows smaller family companies with similar values to become partners and remain competitive," David says. "We can help these companies thrive and go forward. They don't have to sell out."

THE NEXT 100 YEARS

If Joseph Yochlowitz could see how his descendants have transformed his horse-and-wagon enterprise into a \$180 million company with an international reach, it's a safe bet he'd be proud, as they are. "We're very proud we've made it this far," Mike says. "It's a good feather in the cap. There just aren't that many family companies that are a century old."

ABC has marked its centennial in several ways, beginning with a golf tournament in June that raised \$23,000 for the Kidney Foundation of Canada. The celebration continued with an open house—the Kidney Metals Family Fun Day—at its Burnaby headquarters in August, which featured tours for the more than 300 guests and demonstrations of railcar processing and rescue operations from wrecked cars. The final flourish was a gala

banquet in October at the Vancouver Convention Centre.

As always, though, ABC's principals have their sights on the future. "We want to expand our options, increase our ability to access other markets, and continue to increase our volume," Mike says. As a debt-free company, ABC is in a strong position to continue growing in British Columbia, other provinces, even the United States. The company already plans to open another site in British Columbia early next year.

ABC's growth possibilities come with one certainty: "We never want to sell the business," David says. "We want to remain a private company that continues on to the fifth and sixth generations. We love what we're doing." The family recognizes that ABC must "be able to compete and operate in the corporate world that exists out there," Mike notes, "but we want to remain the company we are. We don't want to lose our values in the process. We're not positioning ourselves for sale, by any means. We want to maintain this company, sustain it, and keep growing."

And what are the prospects for the next generation of family leadership? Currently, there are seven children in the fifth-generation ranks, with the eldest just age 13. "It would be wonderful if they had an interest in the business," Karen says, but her wish—and the wish of all of ABC's principals—is for those family members to "pursue their dreams, and it doesn't have to be this business." ABC offers some nontraditional roles—such as Karen's post as manager of community relations—as well as traditional scrap recycling jobs that might appeal to future generations. Only time will tell, however. "We all have the same goals and vision about passing this company to the next generation," David says. "We all respect what our grandparents and great-grandparents put in place here, and it's up to us to continue this on." ■

Kent Kiser is publisher of Scrap.