

INSIGHT

CONNECTIONS

Manufacturing First Conference & Expo set Oct. 31 in Green Bay

INSIGHT

EXCLUSIVE:

Health Insurance Roundtable

What do you need to know now?

FACE TIME

Steve Van Remortel on picking your flavor

H
M
E
E
A
T
V
A
L
Y

CELEBRATING
5 YEARS
of INSIGHT
PUBLICATIONS

BRINGING IDEAS TO LIFE

Wisconsin Plastics embraces innovation, expansions

Mark Lasky, CEO (pictured), leads the Fond du Lac-based firm with brothers Jason and Bradford in key roles, along with President, CFO and COO Frank Villaire

Third generation's the charm for state's largest privately-owned scrap recycler, Sadoff Iron & Metal

**SHAWANO/WAUPACA/
WESTERN OUTAGAMIE
COUNTIES**

**HEALTH INSURANCE
WORKFORCE TRAINING**



H M E E A T V A L L Y

Third generation's the charm for state's largest privately-owned scrap recycler, Sadoff Iron & Metal

Mark Lasky, CEO (pictured), leads the Fond du Lac-based firm with brothers Jason and Bradford in key roles, along with President, CFO and COO Frank Villaire

BY MARGARET LEBRUN

MARK LASKY WORKED IN THE FAMILY scrap metal recycling business in the summers during high school but never dreamed he would one day return. Headquartered in Fond du Lac, Sadoff Iron & Metal Company specializes in foundries, steel mills, non-ferrous smelters and industry.

No, Mark wanted to be an English teacher. He had gone to college at the University of Miami, Florida, and wound up in Colorado working as a camp counselor after graduation. After marrying a girl from Boston and working a short (and unfulfilling) stint in the health insurance industry out East, he decided to work on a master's degree in English education in Arizona. >>>

Photographs by Shane Van Boxtel, Image Studios



Meanwhile, back home in Wisconsin, his dad, second-generation leader of the family business, Sheldon Lasky, was considering selling the company, as many scrap iron businesses were undergoing consolidation in 1998. In the 11th hour, it fell through. That's when the family business lawyer called Mark and asked him to meet about an opportunity.

He listened. He became intrigued with the notion of walking in the footsteps of his grandfather, Israel "Edward" Rudoy, an immigrant from the Ukraine who had started the business in 1947. Still, running a scrap business? It didn't seem all that sexy.

"My dad said, 'Give it a year. I don't want to hear you love it or hate it until you've tried it,'" he recalls when he joined the company in 1999.

That was the philosophy Sheldon Lasky, now chairman of the company, says he took with Mark, 39 and brothers Jason, 36 and Bradford, 34.

"We pushed them not to go into it. Maybe that backfired," Sheldon says with a chuckle. "Believe me, if somebody had told me 15 years ago all three boys would be in the business, I would have been surprised."

Mark learned the ropes in multiple roles, from driving a forklift and riding with truck drivers to working with the chief financial officer and maintaining the Midwest territory as a buyer. In 2003 he became president of Block Iron & Supply Co., then a subsidiary of parent company Sadoff and Rudoy Industries (where he had worked through high school).

One of the first lessons he learned was the difference between the types of metal they deal with. "They said, 'Think of it this way, Mark: non-ferrous is anything that doesn't stick to a magnet – copper, brass, aluminum, certain grades of stainless – and ferrous is the big stuff.'"

He quickly learned how it all works: Sadoff sorts, grades and processes scrap that is collected from suppliers. Once processed to meet size, chemistry and density requirements, the scrap is sent to foundries, steel mills and smelters to be used in creating new products.

Mark was mentored by his father and many others before taking the reins as chief executive officer of Sadoff Iron & Metal in 2008. His brothers had left home to earn business degrees from the University of Denver before they also returned to join the family business. Today, Jason serves as senior vice president of corporate shared services, and Bradford, who went on to earn an MBA from the University of Wisconsin-Oshkosh, serves as senior vice president of operations. All three say the opportunity to carry on their grandfather's legacy called them home.

"My grandfather gave me the ability to go to college and I thought I would be remiss if I didn't take the opportunity to explore what he had built," says Jason, echoing remarks made by his brothers.

Working together in a family business comes, of course, with interpersonal dynamics so special that just 12 percent survive into the third generation, according to the Family



Sadoff Iron & Metal locations

- » Fond du Lac – Arndt Street (Headquarters)
- » Fond du Lac – Scott Street
- » Green Bay
- » Sheboygan
- » Manitowoc
- » Berlin
- » Oshkosh
- » Lincoln, Neb.
- » Omaha, Neb.

Firm Institute, a Boston-based organization of service providers to family businesses.

"We pay special attention to the old adage, 'The first generation is the entrepreneur, the second grows it and the third pisses it away,'" Mark says from his office in the company headquarters overlooking the bustling truck and train traffic at the Arndt Street facility.

Led by Sheldon – whose experience working for his father-in-law taught him the challenges of working with family – the Lasky brothers determined that Sadoff would not become one of the statistics.

Today, Sadoff Iron & Metal is the largest privately-held scrap recycler based in Wisconsin. The company employs 252 people, including 165 at two sites in Fond du Lac. Other facilities are in Berlin, Oshkosh, Sheboygan, Manitowoc, Green Bay; Omaha and Lincoln, Neb. It conducts business in 38 states and exports 15 percent of its products to China, Mexico, Taiwan, India and Canada. This year Sadoff expects to process or recycle about 430,000 net tons of ferrous scrap and 110 million pounds of non-ferrous scrap.

Recycled metal is a commodities industry, subject to the whims of world markets, financial volatility and unpredictable pricing, Mark explains. In the face of challenging times for their industry, business associates attest the Laskys have found a formula for success – and even growth. They credit the company for focusing on its core business and tapping outside advisors, including the hiring five years ago of an experienced corporate steel industry veteran to take on the roles of president, chief financial officer and chief operating officer. Wearing those hats, Frank Villaire has led the charge for metrics, efficiencies and sound compliance practices.

"They're all bright young guys with great perspectives," says Bob Coglianesse, chief operating officer at Blended Waxes, Oshkosh, a long-time business peer and family friend. "They take it seriously. That era of the old industrial scrap yard with stuff just floating around is gone. They've expanded, acquired locations, they're doing all the things they can to manage a successful operation. They're on top of their game, in my opinion."

MOUNTAINS OF METAL

Steep piles of metal sorted in every shape and form imaginably line the perimeter of the scrap ferrous yard at the 33-acre Fond du Lac headquarters.

"Not everything is pretty, but it's all got a



Metal scrap recycling: On the pulse of economic trends

Sadoff Iron & Metal CEO Mark Lasky takes a passionate interest in world and national economic trends. With his finger on the pulse of so many large industries the company buys and sells from, he sees business from a 50,000-foot perspective.

"Alan Greenspan used to say that the scrap industry is a leading indicator for economic indicators, because we deal with such a broad swath of manufacturing – and I think that's pretty accurate," Lasky says.

"Margin compression is real, so in our industry, it's difficult right now. Commodity prices have decelerated or come down. China is still a major driver to economic activity in this country. Europe has not fared well, although things are looking a little better over there.

"Automotive in this country has really carried things recently. In construction it's a little healthier but it hasn't been the total panacea that was anticipated. Then you've got mining. You've got fracking, which is going pretty well, but mining is down, so companies like Caterpillar are 'off' right now, and that has a major impact in the Midwest; a lot of companies are attached to them. You've got regulations in the coal industry and the changes there. You've got Defense, the Oshkosh Corps of the world, and the sequestration will have an impact. All these things have an impact on our business."

purpose," says John Eide, director of operations, as he leads a visitor on a tour.

Here is a pile of shiny stainless steel strips, there is a pile of 100-pound, shoebox-size briquettes of tin, galvanized metal laundry machine parts, over there are auto cast from vehicles, armored doors from defense trucks and much more.

A Canadian National rail line runs through the yard for drop-off and pickup of railcars chock full of metal. An entire area is devoted to maintenance of the company's fleet of some 55 trucks and 130 trailers. A massive auto shredder lifts cars and within 42 seconds reduces them to bits ready for metal separation.

In the enclosed, non-ferrous facility, large boxes of brass piping, computer circuit boards, copper tubing and yellow shell casings sit beside stacks of stop signs and enormous bails of telephone wire and Christmas tree lights. Much of the non-ferrous is salvaged for its precious metals, especially copper. A 100,000-pound pile of miscellaneous wiring could contain as much as 45,000 pounds of pure copper and fetch about \$3 a pound, says Eide.



Clockwise from above: Frank Villaire joined Sadoff Iron & Metal Company five years ago and now serves as the company's president, CFO and COO. Edward Rudoy started the family-owned business in 1947. Rudoy's son-in-law, Sheldon Lasky, joined the business in 1972, led it through the 1980s and 1990s and continues as its chairman. Sheldon's sons (from left) Mark, Jason and Bradford serve as leaders in the company today.

Hundreds of industrial customers supply Sadoff with metal to be recycled (see accompanying list for major clients). Yet, many people don't understand the scope of the business, says Sheldon Lasky. He laughs when anyone imagines it as a scene out of "Sanford & Son." Once you've seen the elaborate operation and millions of dollars in equipment for shredding, torching, shearing and separating metal in the bustling Fond du Lac facility, it's easy to understand why they cringe whenever they hear the "J" word (junkyard).

"Even as big a company as we are, they fight that image," Sheldon says. "It's hard to comprehend. You can go by places that are junkyards, and this is like the difference between fast food and fine dining."

Publicly-held companies in the metal recycling business have seen commodity prices fluctuate unpredictably in the last 60 months, trending downward in the last 16 months, Villaire says. He expects the volume of recycled materials to be down by about 12 percent this year.

"My grandfather had a saying, 'In the scrap business, you are either the prince or the pauper,'" Mark Lasky recalls. "When the market goes up, it's very good ... a monkey could run the company. But in some cases, when the market goes down, no matter what you do, you could find yourself in difficult financial straits."

[continued] »



BUILT ON AN IMMIGRANT'S DREAM

Edward Rudoy escaped the Bolsheviks and emigrated from the Ukraine in the 1920s, Mark begins as he shares the family's story. With an eighth-grade education he found work in Manitowoc, eventually welding submarines. In 1947, he took \$12,000 of his own savings, borrowed \$10,000 from his wife's family and convinced a bank in Chicago to lend him the balance needed to buy the Block Salvage Company in Oshkosh.

The yard at the current Fond du Lac headquarters has been a site for metal recycling since the early 1900s, started by the Sadoff family. In 1964 Edward Rudoy bought the Sadoff's family interest in the company and eventually brought the first automobile shredder to Wisconsin.

Sheldon Lasky, who had been working as a stockbroker in Chicago, married Rudoy's daughter and, though he knew nothing about it and was not particularly interested in it, was offered a job at the scrap recycling company in 1972.

"My father-in-law was very much like a lot of successful business owners in the Valley then," Sheldon says. "He was very top-down, authoritarian. It was typical of the industry; there were a lot of successful people that really worked hard and had a hard time with control. It was tough working for my father-in-law, but he was fair. He was honorable. We both shared the goal of wanting the business to succeed. On Friday we might not have spoken, but on Mondays, we always did."

Mark is grateful for the mentoring he received from his father but also appreciates the legacy of his grandfather, who had begun to step away from the business in the

Sadoff CEO Mark Lasky stands amidst a pile of 100-pound, shoebox-size briquettes of tin in the company's main facility in Fond du Lac. Everything that enters the yard is first checked for environmental hazards, then sorted by type of metal. Waste is removed and the metal pieces are then torched, shredded or sheared into sizes and shapes as requested by foundries, smelters or manufacturers.

1980s. Rudoy died in 2007 at age 96.

"I've heard anecdotes and stories about my grandfather. He could be a very tough man, no doubt about that," Mark says. "But I had the best seat in the house. I was the eldest grandchild, so he thought I walked on water – and I thought he did. It was probably easier to be the grandson than the son or the son-in-law, which is the space my dad occupied."

Rudoy, who believed in diversifying to counter swings in the commodities markets, through the years bought several small but unrelated companies. Block Iron & Supply Co. was composed of five operating companies, including a steel service center, a wholesale supplies contractor, an industrial fastener manufacturer and a company that was a distributor of architectural hardware, doors and frames, as well as a scrap metal recycling business.

Mark had been with the company for about six years when he and his dad decided to divest of all the unrelated businesses owned by Sadoff & Rudoy Industries LLP.

"It was just costing too much in terms of human and financial capital," Mark recalls. "It was distracting."

As the third generation took the reins of the business, they became involved in the Institute for Family Business at Northwestern University as well as the Wisconsin Family Business Forum. Mark joined a TEC group (peer-to-peer

Industrial Customers

Suppliers – more than 300 (the top 20 vendors make up 37.49 percent of total scrap purchased). These include:

Bassett Mechanical
Ace Marine
Burger Boat
Blended Waxes
Oshkosh Corporation
Pierce Manufacturing
John Deere
Alliance Laundry Systems
Vollrath
Worthington Industries
Robinson Metal
Mercury Marine
Kohler Company
Metalcraft of Mayville
Jagemann Stamping Co.
Mayville Engineering Corp.

Consumer Customers

These include steel mills, foundries, nonferrous smelters, brokers, dealers, and export consumers – current active accounts exceed 150. The top 20 customers make up 79.02 percent of total sales.

Neenah Foundry (exclusive agent)
Waupaca Foundry
Cronimet Corporation
Aarrowcast Foundry (exclusive agent)
Charter Steel
Kohler Company
Steel Dynamics
SSAB Iowa
CA Lawton Company
Mercury Marine
Deeter Foundry (exclusive agent)
Beck Aluminum
Osiose Inc.

business advisory group). They worked with an advisory board. When Villaire joined them as CFO in 2008, he immediately led the charge for metrics.

"We redesigned how we measure ourselves across the board, on every front," Villaire says. "There is nothing that didn't change, from operational metrics to financial metrics." They discovered that inventory was held on average for 73 days – a risky proposition in a commodities business, when prices can change so quickly. With that knowledge, they focused on reducing their inventory turnover to an average of 33 days.

Safety rose to the forefront. The Bureau of Labor Statistics ranks refuse and recyclable material collectors as No. 4 on its list of most risky jobs. Sadoff has had a safety director since the 1990s, but an accidental death of an employee at the Fond du Lac scrapyards in 2011 jolted the company. An opportunity existed to change the mindset company-wide, says Jason Lasky, who led the implementation of Sadoff's Safety Core, a structured approach based on five metrics and management expectations,

"Our decision to go above the industry from a safety standpoint has been really paramount to us defining our culture," Jason says. "In our industry people have always



ONLINE: Click to hear Sadoff CEO Mark Lasky talk about how the scrap metal recycling business is always at the whims of commodities pricing.

said, 'Accidents happen.' But we don't use that as an excuse at Sadoff. Our goal is for you to come to work every day and you leave the company the same every day. We've turned the corner in terms of culture and safety."

BENCHMARKS FOR THE FUTURE

According to Villaire, "getting the house in order" was critical to the company being able to weather the recession, which knocked the company off its feet as the commodities markets crashed in September 2008.

"It was like we fell off a cliff," Mark recalls. "But we climbed out because we had built such a war chest in the first half of that year." Sadoff struggled in 2009, but 2010 and 2011 were the best years in the company's history, he says. While prices have been declining for the past 16 months, "it's a different scenario than in 2008 and 2009 because we are actually fairly busy."

Financial advisors attest that the company has held its own and been strong enough that Sadoff has made two acquisitions in the last year. In September 2012 it acquired a nonferrous recycling facility in Omaha, 60 miles from its Lincoln, Neb. facility, which is undergoing an expansion to a new 13-acre site this month. And last February, Sadoff purchased the former Aluminum Specialty Company, whose major customer is Mercury Marine.

Mark says he's "bullish" on the future.

"We talk about how 'the bones' of our business are good. We've got good prospects. We're looking at different avenues for growth. We believe in the long-term, and I believe in the next 18 to 24 months, things will be better. What gives us some solace is that lower raw material prices now give consumers a chance to get healthier.

"When you're a family business you can afford to look longer term. We don't manage the company quarter to quarter. We understand that what's going to be good for our consumers is going to be good for us.

"If they're not profitable, we're not doing our job. And if we're not adding value, then what do they need us for?"

GET MORE THAN YOU THINK.



Your recyclable scrap metal gets you more at Sadoff.

Sadoff Iron & Metal makes sure your recyclable ferrous, non-ferrous, and electronics boost your bottom-line. Plus, we offer additional services, such as the exclusive **[CO+]Efficient Program** that optimizes your scrap material efficiency and maximizes your recycling profitability. It's about time you got more.

Call today to schedule a free, on-site evaluation.

SR SADOFF IRON &
METAL COMPANY

THE PREFERRED CHOICE IN RECYCLING

www.Sadoff.com

We Recycle:

- Aluminum
- Brass
- Circuit boards
- Computers
- Copper
- Die cast
- Stainless steel
- Steel

...and more

FOND DU LAC • 920.921.2070 GREEN BAY • 920.434.0137 BERLIN • 920.361.1450
MANITOWOC • 920.684.3388 OSHKOSH • 920.921.2070 SHEBOYGAN • 920.457.2431