

THE SCRAP



Boutique



SADOFF IRON & METAL CO. IS ADDING NEW CHAPTERS TO ITS NEARLY SEVEN-DECADE SUCCESS STORY WHILE MAINTAINING THE SAME THEME: IT AIMS TO BE THE PREFERRED CHOICE AS A SCRAP BUYER AND SUPPLIER, EMPLOYER, AND CORPORATE NEIGHBOR.

STORY AND PHOTOS BY KENT KISER

You usually don't hear the words "scrap" and "boutique" used in the same sentence—unless you're at Sadoff Iron & Metal Co. in Fond du Lac, Wis. Sadoff calls itself a boutique scrap processor because of its expertise serving the ferrous foundry industry and non-ferrous consumers, domestically and overseas. It specializes in value-added services, such as preparing custom scrap packages to meet the needs of different foundries. "Sometimes we joke with our customers that we do everything but wrap up our scrap and put a bow on it for them," says Mark Lasky, CEO. The company needs to be such a boutique processor, in part, because it is the exclusive scrap supplier for seven of its foundry customers and supplies more than half of the scrap for others. It's all part of Sadoff's collaborative, cooperative approach to business, in which it views customers as partners rather than adversaries. That win-win philosophy has allowed the company to establish an eight-facility network across two states, a dedicated 230-employee team, and a sterling reputation across its almost 70-year history.

A FAMILY AFFAIR

Sadoff Iron & Metal's origins as a scrap boutique began in 1947, when Ukrainian immigrant Israel "Edward" Rudoy bought Block Salvage Co. in Oshkosh, Wis. Early in his career, Rudoy noticed that a foundry customer was buying small scrap lots directly from peddlers. He offered to become the foundry's sole supplier, buying scrap from the peddlers, sorting the material, and delivering it on time. The foundry agreed, creating the first exclusive scrap-supply arrangement for Rudoy's company. Next, he built a truck that could lift and

Sheldon Lasky and sons Mark, Jason, and Bradford are the family leadership team at Sadoff Iron & Metal Co., which has built its success on meeting the specialized needs of foundry customers. "Sadoff is really a boutique in terms of the level of service and added value it provides," Mark Lasky says. "If a customer is looking for a total cost/value package, that's us."

dump scrap directly into the foundry's charging area, reducing its labor costs and increasing its efficiency. That development reflected Rudoy's focus on supporting customers to establish long-term, mutually beneficial relationships, Mark Lasky says.

Over the years, Rudoy diversified, renaming the company Block Iron & Supply Co. In 1964, he acquired Sadoff Iron & Metal Co. in Fond du Lac and promptly started building the business, including installing an automobile shredder in 1967—reportedly the first shredder in Wisconsin. His challenge was that he had no heir apparent to help him expand the business and, eventually, take the reins.

Enter Sheldon Lasky, who met and married Rudoy's daughter while he was working as a stockbroker in Chicago. By 1972, Rudoy had persuaded Sheldon to move to Wisconsin and join him in the business. "What I brought to the company was a legacy," says Sheldon, now chairman of the board. "From then on, we just grew the company." They began by buying existing scrap operations in Sheboygan, Manitowoc, and Berlin, Wis. When they couldn't buy a facility in Green Bay, they built a greenfield plant. Along the way they enhanced the company's capabilities by adding shears, balers, cast iron and block breakers, material handlers, and more. According to Sheldon, Sadoff was the first to shred stamping scrap for foundries rather than briquetting or baling the material. "We were very innovative and very service oriented, whether the customer took 100 tons a month or 10,000 tons a month."

The late 1990s marked a turning point for Sadoff. Metal Management—a leading consolidator at the time—sought to buy Sadoff and two other Wisconsin recycling firms. Lasky and Rudoy agreed to sell the company because they had no succession plan at the time, but the deal ultimately fell through.

The company soon answered its succession question, however, when Mark Lasky, Sheldon's eldest son, joined the business in 1999. His other

two sons—Jason and Bradford—came aboard in 2000 and 2004, respectively. They both serve as executive vice presidents of the company.

As Sadoff cemented its family leadership team, it continued to grow, expanding into Lincoln, Neb., in 1999. In 2006, it sold or liquidated the nonscrap assets under Block Iron & Supply so it could focus exclusively on recycling. The company continued expanding in 2012 by acquiring the former Midwest Metals facility in Omaha, Neb., giving it eight facilities—six in Wisconsin and two in Nebraska—that now handle approximately 300,000 tons of ferrous and 110 million pounds of nonferrous scrap annually, making it the largest privately held recycler based in Wisconsin, the Laskys say. Despite the company's size, however, it remains "a big small company," Brad says. "We

This 74/104 Hammermills shredder in Fond du Lac is the centerpiece of Sadoff's equipment roster. If the wind sock atop the shredder's air system (not pictured) blows toward the adjacent neighborhood, the company stops production or shreds material that generates minimal dust—just one of its efforts to be a good corporate citizen and neighbor.

can provide all the services of a mature mid-sized company, but we're small enough to be flexible."

ON A PREFERRED-CHOICE MISSION

If you want to know Sadoff's corporate vision and mission, you can find them painted in big letters around the walls of its headquarters meeting room: "Our Vision—The Preferred Choice in Recycling. Our Mission—To accomplish this is to incorporate Customer Focus, Attain Operational Excellence, Find Innovative Solutions & Manage Risk. We do this through investment in our people, teamwork, and adhering to the Standards of Excellence."

That goal of being the preferred choice—as a scrap buyer and supplier, as an employer, and as a corporate neighbor—pervades all aspects of the company. It begins with the company's reputation, the Laskys say. "Our grandfather said you can have all the locations, all the equipment, and all the right people, but if you don't have a good reputation, you don't have anything," Jason says. "Our company's growth was all based on establishing and maintaining a top-notch reputation."

On the scrap-buying side, Sadoff seeks to be



the preferred choice, in part, through transparency, Jason says. Customers can see the weight readouts on all of its truck and retail scales, for example. Similarly, the company allows industrial suppliers to access its database to view their account data, such as scale weights and payments. “We want to foster trust,” he says.

On the scrap-selling side, Sadoff makes itself the preferred choice by understanding and meeting each customer’s particular needs, which means preparing scrap packages that vary in density, chemistry, size, and other characteristics. In contrast with most scrap shredders, Sadoff even offers nine different grades of ferrous and nonferrous shredded scrap to cater to different foundry customers. “We’re not the low-cost supplier; we’re value-added providers,” Sheldon says. If there’s a problem with a scrap package, the company will do whatever it takes to make the situation right, including re-sorting or reprocessing the material. “What we do for our customers is what sets us apart,” says Mark Katz, vice president—scrap procurement. “It’s not talk. It’s not in a brochure. If we have an issue, we take it personally.”

Sadoff understands it can be a dangerous prospect for a foundry to rely on one supplier, so it takes extra steps to ensure its reliability, such as maintaining a \$2 million inventory of equipment parts to prevent downtime. If an equipment emergency does occur, the company has redundancy in some processing systems as well as relationships with other recyclers that will allow it to fulfill its orders—“even if it’s at our expense,” Jason says.

Sadoff also has a history of partnering with customers to help them be more successful. At one Wisconsin foundry, for example, the company “put a substantial investment into a process specifically to help the customer achieve cost savings,” Jason notes. “We took a hit on our margin, but we knew the investment would help their business grow, which would eventually allow us to be more successful as well.”

INVESTING IN EMPLOYEE GROWTH

Sadoff also applies its preferred-choice approach to its role as an employer, and its success in this area is evident on two plaques in its headquarters lobby. The plaques display the names of 92 employees who have been with the company five years or longer—that’s 40 percent of its current workforce. Thirty employees—13 percent—have



Nonferrous scrap (such as the cans below) generates about 50 percent of Sadoff’s revenue. Although the company primarily recycles metals, “we consider ourselves solution providers,” Mark Lasky says, “so if an industrial account has wood pallets or plastics, we’ll find markets for them.”

worked for the company for more than 20 years, and its longest-serving employees—such as David Borsuk, manager of industrial marketing and environmental affairs—have served more than 45 years.

How has Sadoff achieved such employment success? It starts by offering competitive wages, a 401(k) plan with company match, profit sharing, and different health-care plans for which the company pays up to 70 percent of the premium. For new managerial hires, Sadoff offers an extensive management-training program that exposes the trainee to every facet of the company over a nine- to 12-month period. “We’ll teach people the scrap business if they have the talent and the raw ability,” Brad says.

Sadoff also has a culture of promoting from within, offering more of a corporate lattice than a corporate ladder to allow employees to explore varied career directions in the company. “The younger workers, in particular, don’t want to wait in line for someone to retire,” Mark says. “They might like to move horizontally and find a different path.” Meanwhile, veteran Sadoff employees like Maurice Berglund, vice president—nonferrous for 27 years, praise the company’s philosophy of giving staff the freedom to be creative in their jobs, solve problems, and pursue new ideas. “They’ve always given a green light to innovation,” he says. “They’ve never said, ‘No, we can’t try that.’”



David Borsuk—one of Sadoff's longest-serving employees at 46 years—manages some major foundry accounts and oversees compliance at the company's eight locations. Borsuk also has represented the company within ISRI for the past 30 years.

Sadoff takes staff from all levels and departments to visit customers to learn how their jobs fit into the bigger picture. “We don’t want to limit people,” Jason says. “We want to foster their growth. By doing that, we expose them to greater opportunity.” To further advance their learning, the company offers an educational-assistance program in which it pays up to 100 percent of the tuition for full-time or part-time employees to attend an approved educational institution.

To make sure employees at all facilities feel connected, Sadoff publishes a quarterly company newsletter and promotes “management engagement” in which top managers visit each location monthly. Part of that effort is a CEO meeting program: Mark has an annual breakfast or lunch with the employees at each facility and headquarters department to provide a company update and field questions. “We make a point to visit our employees,” he says. “They see us engaged, and that makes a huge difference.” What’s more, Sadoff brings its more than 30 managers together for quarterly cross-departmental meetings in Fond du Lac to keep them on the same page.

How the company treats its employees is critical, the Laskys say, because that will determine how well it can retain current staff and attract new talent in the future. “You can’t just hang your shingle anymore and expect to be the employer of choice,” Mark says. “You have to continually

reinvent the workplace and have a culture that supports growth.”

A SAFETY REBIRTH

Sadoff’s extensive safety efforts are perhaps the best reflection of its commitment to its employees. Although the company has had a safety director and a safety program for many years, two sobering events in the past decade prompted it to step up its safety efforts. First, Sadoff invited John Gilstrap, then ISRI’s director of safety, to conduct a training course at its headquarters in 2010, and he pointed out several safety shortcomings. Then, in 2011, the company suffered a fatality at its Fond du Lac operation, which forced it to do a lot of corporate soul-searching. “We had a great safety program prior to the fatality; what we didn’t have was a great safety culture,” Jason says. “We decided we will never let that happen again.”

An effective safety culture, the Laskys realized, starts with making safety the company’s core value, not just a priority or a goal, because “priorities and goals can change; they can be the flavor of the month,” Mark says. They also learned that the safety culture must start with them and extend to every employee, regardless of their job function. “It doesn’t matter if you’re the secretary walking in from the parking lot, if you see something that looks unsafe—even if you don’t know what it is—say something,” says Jerry Heitman, safety director and environmental health manager. “If you see something that looks unsafe, it probably is.”

Sadoff promotes its Safety Core culture from day one with its new employee orientation training and carries it through daily “toolbox talks,” which cover safety topics and daily updates; monthly departmental meetings, with safety as a core focus; and train-the-trainer programs. The company also expanded its safety messaging to remind employees that their safety isn’t just about them; it’s about their families, friends, and community.

To keep safety on everyone’s mind, Sadoff posts safety messages and reminders all around. Its headquarters meeting room, for instance, has on its walls the question, “We value your safety ... do you?” The booms of its material handlers bear messages such as “Practice Safety,” “Get the Safety Itch,” “Dare to Be Aware,” and “Safety—The Walk of Life.” The company also keeps safety top of mind through its safety suggestion program,

in which staff can earn gift cards for submitting ideas to improve safety. In addition, the company has what Heitman calls an “attaboy” program in which managers recognize employees for positive work actions with personalized, handwritten cards. “We all do it,” he says. “We try to point out six good things for every bad thing the employee does.” The company also elevates everyone’s safety consciousness by bringing different departments together. “My goal for this year is collaboration,” Heitman says. “Let’s get our trading department to our transportation meeting. Let’s get trading to safety meetings to see what our different worlds are like.”

Heitman also proudly notes that Sadoff has sent staff to all but one of the ISRI Safety and Environmental Council™ meetings since 2005, and it was a charter member of ISRI’s Circle of Safety Excellence program in 2015. The company also participates in events such as ISRI’s annual Safety Stand-Down Day at all of its operations, taking several 15-minute safety-reminder breaks throughout the day and holding cookouts at each location to recognize the day.

In the years since Sadoff’s fatality, the Safety Core mindset “has permeated into the organization and has garnered a foothold,” Mark says. “I’m very proud of our culture here now. We’re on the right path.” Jason concurs, noting that the new safety culture has required a lot of work by the entire staff, and the effort is far from done. “We’ll never be done growing our culture,” he says. “It’s always a work in progress.”

CONTINUOUS IMPROVEMENT

Safety isn’t the only area in which Sadoff seeks continuous improvement. The company also is focused on its technology, community relations, and family dynamics to make it a better operator, a better neighbor, and a better employer. “The company reinvests in itself,” Jason says. “The profit we make goes back into the people and the foundation of the business.”

Technology is one foundation the company has strengthened in recent years. Recognizing that data is the key to better business management, Sadoff installed a new Brady (formerly SAI) computer system that integrates functions from scale transactions to accounting to inventory management. Its ScrapRunner program to track its truck fleet and containers is now also part of the Brady portfolio. Sadoff uses a Halogen Software program for human resources, succession, and

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performance ratings. Notably, the Halogen program allows the firm to offer Sadoff University, a collection of online courses for employees on topics such as sales, management, and safety. Other technology investments include cameras with remote monitoring capabilities to enhance security at its operations and allow managers to keep tabs on activities at various facilities. “We went from viewing IT as a cost center to more of a strategic piece of our strategy,” Brad says.

On the community front, Sadoff goes to great lengths to be a good corporate citizen and neighbor, which is even more important because some of its facilities, most notably its headquarters, are surrounded by residential areas. To foster understanding, the company opens its doors to the community, offering tours of its operations—to citizen groups, students, elected officials, firefighters, and more—to show how its business operates and avoid misunderstandings. Recently, it purchased a drone so it could post a bird’s-eye video of its Fond du Lac plant on its website, giving a broader audience the opportunity to see how a scrap recycling facility works. “Few people know what

Sadoff shreds material 3/8 inch or thinner and torchcuts thicker material, processing it to the customer’s size requirements. The company employs a full-time quality manager to make sure it meets customer specifications.





Sadoff's corporate safety culture keeps safety on everyone's mind through reminder messages on the booms of its material handlers (above) and through frequent safety-themed meetings as well as other activities, such as a safety suggestion program.

happens behind the walls, and when they get to see it, they're amazed," Jason says.

At its Sheboygan facility, which is across from an elementary school, the company installed a fence and landscaping to make the plant more visually appealing. "We understand what the industry is," Mark says. "We're not the candy shop that everybody likes in the neighborhood." In Fond du Lac, a public street bisects the facility, bringing students on foot into the path of vehicles entering or leaving the yard. The firm employs a crossing guard to manage traffic and ensure the kids' safety. Its shredder in Fond du Lac has a wind sock atop its air system so the company can track the wind direction. If it blows toward the adjacent neighborhood, Sadoff either shuts down the operation or processes material that generates minimal dust. To further reduce dust, the company runs a sweeper around each of its facilities. Its full-time daily sweeping program at its Fond du Lac facility also goes into the surrounding neighborhood.

The Laskys recognize that their family dynamics are a critical aspect of the company's success—and that only about 12 percent of family businesses make it into the third generation—so they focus considerable time and resources on family-business issues. "There's the old saying," Mark says, "that the first generation is the entrepreneur, the second grows the business, and the third pisses it away." To avoid

that fate, the Laskys participate in the Wisconsin Family Business Forum and work with The Family Institute at Northwestern University. "When you're family, you have to make sure you're not bringing baggage to the table," Mark says. "That's the challenge. We're not unique in that, but you have to admit it, be aware of it, and try to work through it." The Laskys do that work, in part, to maintain family harmony but also out of a sense of responsibility to their employees to make sure any problematic family dynamics don't tear apart the company. While Sheldon acknowledges that he and his sons have had their "bumps," the family overall "has been way ahead of the curve. At least we recognize the bumps. You have to work at it."

A FUTURE WITH HEART

As Sadoff Iron & Metal approaches its seventh decade, the Laskys point to several challenges ahead. Effective communication—among individuals, departments, facilities, and more—is paramount, especially given the scrap industry's rapidly changing nature. "I think communication is the biggest challenge of every company, whether they admit it or not," Jason says. Other concerns include attracting and retaining the next generation of qualified employees, ongoing consolidation in the scrap industry, the long-term viability of Wisconsin's foundry industry, the "corporatization" of formerly local businesses, the uneven or nonexistent enforcement of regulations, and managing capital requirements during the current down market.

As the Laskys grapple with those challenges, they plan to remain focused on "smart growth," which to them means pursuing options that have "the potential to add value or margin," Mark says. "You keep your eyes open for opportunities," whether they're acquisitions, partnerships, new customer niches, new equipment, or diversification. "We're always willing to grow if we have the business and the people to do so," Brad says.

Wherever Sadoff's future leads, Sheldon wants to make sure the company doesn't lose one particular attribute—its heart. "This company still has heart to its employees, its customers, and its communities," he says. "It has a sense of responsibility." His sons, he notes proudly, are carrying on that tradition because "it's in their DNA." ■

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