

NASCO-OP



THE RECYCLING INDUSTRY'S PURCHASING CO-OP IS CELEBRATING ITS 50TH ANNIVERSARY. ITS ONGOING CHALLENGE—AND OPPORTUNITY—IS GETTING MORE ISRI MEMBERS TO TAKE ADVANTAGE OF THEIR FREE ASSOCIATE MEMBERSHIP. **BY JIM FOWLER**

NASCO-OP's

It sounds too good to be true.”
“You can't get money for nothing.”
“What's the catch?”

Scrap processors are a savvy bunch, so when they first hear about the National Association Supply Cooperative (New Philadelphia, Ohio)—the not-for-profit buying co-op for the recycling industry—they tend to react with suspicion. But in this case, it not only sounds good, it *is* good, and its benefits to recyclers are all true. Scrap processors who purchase supplies and equipment through NASCO-OP pay discounted prices, saving millions of dollars over the co-op's 50-year history. What's more, ISRI members can access NASCO-OP and get those savings absolutely free.

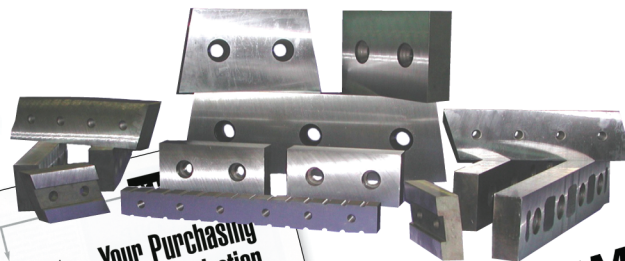
Those savings are why the co-op has succeeded for the past five decades and why it's poised for further growth. So you might think joining NASCO-OP would be a no-brainer for

every ISRI member. That's not the case, however. Many members of ISRI do not take advantage of the free associate membership in NASCO-OP. “It's a major underutilized asset in the scrap industry,” says Ed Arnold Jr., vice president of Edward Arnold Scrap Processors (Corfu, N.Y.) and newly elected co-op chairman. “Scrap dealers are missing a huge benefit that could help them make their businesses more profitable.”

As the group marks its golden anniversary with the theme “Power of Numbers,” it hopes it can expand its numbers and showcase the golden buying opportunities it offers.

A CO-OP IS BORN

In 1959, a group of forward-thinking scrap processors turned their belief in collective buying power into action by organizing NASCO-OP in New York City. Ben Kaufman, Bill Flynn, and Charlie Rasher, all members of the National



**National Association Supply Cooperative
Votes Dividend for Another Good Year**

The National Association Supply Cooperative, Inc. has announced that its 1978-1979 dividend was \$1.00 per share. This dividend was voted on by the members of the cooperative at the annual meeting held in New Philadelphia, Ohio, on May 15, 1979.

NASCO-OP continued to record a record dividend for the 1978-1979 year. The dividend was \$1.00 per share, or a total of \$1.00 per share. This dividend was voted on by the members of the cooperative at the annual meeting held in New Philadelphia, Ohio, on May 15, 1979.

OFFICERS OF THE CO-OP

EDWARD WALLACE
President

DAVID B. BROWN
First Vice President

JOHN J. MATCHETT
Second Vice President

DAVID B. BROWN
Treasurer

JOHN J. MATCHETT
General Manager

Your Purchasing Organization

For 40 years, National Association Supply Cooperative Inc. has been helping scrap processors save money on equipment and supplies.

When the scrap processor buys equipment and supplies, he is often faced with a choice of where to buy. He can buy from a local supplier, or he can buy from a national supplier. The National Association Supply Cooperative Inc. is a national supplier of equipment and supplies for scrap processors. It has been helping scrap processors save money on equipment and supplies for 40 years.

POWER OF NUMBERS

50

NASCO-OP

1959-2009



GOLDEN YEAR

Association of Waste Material Dealers—an ISRI predecessor—took their inspiration from the Manufacturer's Co-Operative Association, a buying group for the meat industry. These founders undertook the challenges of finding an office, hiring staff, establishing relationships with suppliers, recruiting members, and generating the seed capital to fund operations. After much hard work—and thanks to the overwhelming support of the scrap industry—NASCO-OP boasted more than 500 members and \$1 million in sales within five years of its founding. But by the end of the decade, the group suffered a drop in sales, numerous changes in management, and increased operating costs. By the mid-1970s, another group of scrap leaders launched an effort to turn the organization around and give it a second chance.

The reversal began in 1975 with the hiring of Jack Matchett as general manager. First, he decided that NASCO-OP didn't need to be based

in New York City, with its high-priced real estate. He recommended moving the organization to his hometown of New Philadelphia, Ohio. He leased space on the second floor of a bank building, which the group continues to occupy today, though now it's a tight fit.

Matchett, a former purchasing manager, also recognized that NASCO-OP needed to refocus its product offerings on the nuts-and-bolts equipment and supplies that scrap processors use. He soon became known as "the king of wire rope," as the co-op introduced and sold miles and miles of the metal cable that scrap industry cranes once required. In 1976, its first year in New Philadelphia, NASCO-OP sold \$1.5 million in products to 435 members. Nineteen years later, in 1995, NASCO-OP's sales reached \$8.4 million, and its membership exceeded 1,000 companies.

In 1993, as Matchett approached retirement, he hired an assistant, Bob Bedard, who assumed the

reins when Matchett officially retired in 1996. Bedard continues today as the group's president and general manager.

In the late 1990s and early years of the new millennium, the scrap industry experienced significant changes and challenges, and NASCO-OP

NASCO-OP FAST FACTS

- Members of ISRI, the National Demolition Association, and the Canadian Association of Recycling Industries can become an associate member of NASCO-OP for free—a \$1,188 savings.
- NASCO-OP has members and associates in every U.S. state and many Canadian provinces.
- The co-op's latest safety catalog features more than 4,500 products to protect scrapyard employees and property.
- NASCO-OP members not only save on their purchases, they also can receive an annual patronage dividend, which has averaged 2 percent of their purchases.

For more information about NASCO-OP and its product offerings, call 800/321-3396; fax 800/992-6679; e-mail info@nascoop.com; visit www.nascoop.com; or write P.O. Box 1015, New Philadelphia, OH 44663.

again found itself asking hard questions. At the time, Bedard says he questioned whether the organization was sustainable in its current form. "I approached the leadership and said, 'We need to talk about the future of NASCO-OP.'" In response, the group organized a two-day executive committee meeting in December 2002 to determine "what we needed to focus on to be successful in the future," Bedard says. "We began putting together our strategic planning sessions—the total commitment of our directors to be involved in the long-term planning of NASCO-OP. From there we developed our core values, purpose, and mission statement, reviewed our product mix, and affirmed the need to invest in our employees and operations."

PRODUCTS, PRICE, AND SERVICE

NASCO-OP's board defines the organization's purpose as "coordinating the purchasing power of the recycling industry to provide its members superior value on products and supplies." That, in a nutshell, is "why we exist," Bedard says. "We will always strive to be the best source of supply."

When NASCO-OP's leaders reviewed the group's product offerings at the pivotal December

2002 meeting, they recognized that, in order to succeed, the co-op had to "expand, grow, and offer more products and services to the scrap industry," says Howard Glick, president of Tri-State Iron & Metal Co. (Texarkana, Ark.) and a past NASCO-OP chairman. "We also realized that we could not be everything to everybody and needed to focus on core product lines where we would find our niche."

For example, the leaders concluded NASCO-OP was underrepresenting the industry's demand for shear blades and decided to focus on those products. The group committed to hiring product specialists and teaming up with suppliers to partner with the co-op. "Getting involved with renewable consumables such as shear blades has really been great" for the cooperative, says Paul Brenner, president of Brenner Recycling (Hazleton, Pa.) and immediate past chairman of NASCO-OP. "We knew we were representing just a small fraction of what the industry was buying. With that commitment, we were able to take shear knives and grow that business more than tenfold in the previous six years."

Having product specialists on the NASCO-OP staff has been a key factor in the group's growth, says Arnold Gachman, CEO of Gachman Metals & Recycling (Fort Worth, Texas), and a past chairman of both NASCO-OP and ISRI. "Product specialists can give our members quick and knowledgeable answers to their questions and provide in-depth responses." Glick agrees, noting that "there is a core of knowledge that's free for any member to access, and that's a primary benefit."

NASCO-OP also is quick to credit its suppliers for its success. "We have a family of fine suppliers who understand how we operate and how we need them as much as our members need us," Bedard says. Currently, NASCO-OP deals with about 150 suppliers and offers more than 100,000 products—everything from a 2-cent pair of earplugs to a \$50,000 grapple. Magnets, grapples, and shear blades are the co-op's three largest-grossing items, Bedard says.

NASCO-OP continues to expand into new product areas, such as conveyor belts, that are a good fit for its services. "The board recognized that the scrap industry needs a reliable source of conveyor components," Bedard explains. "We're concentrating on providing quality conveyor belt products and have secured multiple sources of supply to address differing applications. We've hired an individual with 10 years of belt experi-

ence who can help our members select the proper belt for their operation.”

Whichever products they purchase, NASCO-OP members can realize significant savings. For example, the discount on a large item such as a magnet and grapple can be up to 10 percent, while savings on safety and torching equipment can exceed 50 percent.

NASCO-OP receives hundreds of calls a week—98 percent of its sales are made by phone—and it processes about 45 orders daily, Bedard says. The group has had a Web site since 2000 and is developing a beta site that offers online sales. “Most important,” he says, “we want the site to be interactive so it will access our database with real-time information. That way, our members will have access to the most current data, pricing, and photos.”

“Finding the right products for our industry” is a continuing challenge for the cooperative, says Toby Shine, president of Shine Brothers Corp. (Spencer, Iowa) and vice chairman of NASCO-OP. Wire rope—once one of the co-op’s biggest-selling products—is now virtually obsolete. “Moving into shear blades, baling ties, and safety equipment has been a huge move for us, and we’re always looking for more products that make sense for our industry,” Shine says. “If someone has a product they think NASCO-OP could offer, our board and staff would love to hear about it.”

ACHIEVING STRENGTH IN NUMBERS

Guiding NASCO-OP are its board and staff. The co-op members elect up to 15 board members to serve three-year terms. The staff has grown to 11 people over the past decade, including nine product specialists who work on the sales side.

Bedard says his biggest regret is not having a bigger staff during the five-year economic super-cycle that ended last fall. “We could have offered more products and services if we’d had additional people, but we’re confined by space limitations,” he laments. The organization occupies the same space it began renting in 1976, when it had only five employees and 10 percent of its current sales. For more than a year, the NASCO-OP board has considered moving the group to a larger facility, concluding that it’s in the organization’s best interests to make such a move. “At this point,” Bedard says, “it’s merely a question of timing and the right opportunity.”

Arnold hopes to make NASCO-OP’s move to

larger quarters a reality during his two-year term as chairman, but he’s realistic. “I think we need to be prudent and be aware of business conditions,” he says. “For the moment, we need to step back and be observant.” Gachman concurs. “I’m a strong believer in preparing for an opportunity, but I also think we have to be careful. We’re dealing with our members’ money, so we’re going to err on the side of caution. At the same time, we don’t want to miss an opportunity.”

Today, NASCO-OP has about 1,400 members, the majority of which are ISRI members. ISRI firms can get a free associate membership in NASCO-OP by virtue of their ISRI membership. “ISRI performs a vital service to our industry,” Bedard says, “and NASCO-OP is proud to lend its support by offering this valuable member benefit.” Other companies pay a one-time membership fee that equates to buying one share of stock in NASCO-OP, the cost of which is pegged to the lowest ISRI dues category (currently \$1,188). As the number of co-op members has grown over the years, so have NASCO-OP’s sales, which reached a record \$23 million in 2008.

Given the recent market tribulations, NASCO-OP doesn’t see its 2009 sales setting any records. “Scrap dealers are just not replacing products like they were over the previous five years,” Bedard says. “But in these tough times, when processors are trying to minimize expenditures, we can offer value because our not-for-profit status keeps our costs low.” NASCO-OP strives, he explains, to “provide the best price we can up front.”

The group pays for its operations by adding a small markup to its prices. If it has money left over at the end of the fiscal year, the board either declares a patronage dividend or, in rare cases, retains the money for the organization’s growth. “A few members were unhappy that the board suspended the dividend in 2008,” Shine says. “We did it because our staff has been working in a sub-par location, and we need a larger facility. In the long run, I think it’s a good business decision for NASCO-OP and will result in a major accomplishment for us in the next few years.”

With plans for a new facility, an ever-expanding product catalog, devoted suppliers, and a professional staff, NASCO-OP will be well positioned when market conditions improve. “I’m a great believer in NASCO-OP,” Shine says. “Jack Matchett laid a strong foundation for us. Bob Bedard and his staff have taken it to the next

level. The board members are second to none, and it's a fun place to spend some time and make it better for other people in our industry."

NASCO-OP's long-range goals include maximizing members' use of the co-op and recruiting more members by making ISRI members aware of the free associate membership. "Like a muscle that gets stronger with use, members increase NASCO-OP's purchasing advantage when they buy their equipment cooperatively," Bedard says. "Purchasing 101 tells us that manufacturers and suppliers offer their best prices to their high-volume customers. While our industry spans recyclers of all sizes, we can lower prices further and obtain better values by working collectively through NASCO-OP. Items not purchased through the cooperative are a missed opportunity for everyone."

Maybe this year—as NASCO-OP turns 50—will be the golden opportunity for more ISRI members to realize the full potential of the "Power of Numbers." That would be cause for celebration indeed. ■■

Jim Fowler is retired publisher and editorial director of Scrap.

