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Recycler rewires

Company takes risks, and finds growth

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The only thing holding back M&K Recovery Group from strong growth was its leader's satisfaction with modest success. Founded in 1993, the company had a stable of small customers for electronic recycling, data destruction and precious-metals recovery. A 10,000-square-foot building in North Andover gave M&K enough room, and it had little employee turnover.

"Up until 2000 we were complacent with what we were doing. Then we decided to take the bull by the horns and do a full-scale program to go after bigger customers," said founder and CEO Don Decareau. The kick in the pants came from Decareau's kids, who had grown up watching their father run another recycling company he owned, and now were in business with him.

The risk was in buying the right equipment at the right time, so M&K could grow revenue without taking on debt, Decareau said. The initial investment was \$350,000.

"Some of the equipment will never pay for itself, but is very important to have. Other equipment within a year and a half will pay for itself," Decareau said.

A degausser — a machine that wipes data from a hard drive — can cost \$50,000. M&K needs one in order to land contracts, even though wiping hard drives is the smallest part of the business. Many clients just scrap older data-storage devices and replace them.

"We have shredders that will take a hard drive, or whatever product you have, and pull it into quarter-inch pieces. We do 500 hard drives an hour," Decareau said.

For security, M&K also runs 24-hour digital camera surveillance.

The precious metals market presents a different type of risk. The market for gold and other metals fluctuates constantly. M&K takes careful measure of the metals inside electronics, refractory waste and other sources that come through the door, then presells it to lock in a rate.

Going after corporate and government clients paid off; M&K outgrew its original building and its second home of about 18,000 square feet. This past summer, it bought a 30,000-square-foot building, also in North Andover.

In 2006, the company opened an Austin, Texas, location following a customer that had a large operation there.



Donald Decareau, president and CEO of M&K Recovery Group in North Andover, which processes everything from plastics to precious metals.

Complacency set in again at first, Decareau said, but this year M&K is looking for about 20,000 square feet to expand.

Revenue has grown steadily since 2000, reaching \$5 million last year and is on track for \$7 million this year. Decareau aims to hit \$10 million within two years.

“Electronic recycling is probably 70 percent of our volume, and maybe 20 percent of our revenue,” Decareau said. Destroying confidential data accounts for about 80 percent of the company’s revenue, he added.

M&K expanded at a time when the industry as a whole was growing fast. Some doubt that it will continue at the same rate.

“I think it has had a very good up curve over the last 10 years. But I think things also are going to slow a little based on other economic drivers,” said Peter Muscanelli, president of the International Association of Electronics Recyclers in Albany, N.Y. In a down economy, companies have more incentive to squeeze an extra year or two out of equipment before, Muscanelli.

That could put pressure on recyclers.

“I think that you are going to see some consolidation going on,” he said.

There were more than 500 electronics recyclers in the country when the International Association of Electronics Recyclers last took a survey in 2005. About 28 percent of them were in New England, more than any other part of the country.

But not every company handles every part of the business, Muscanelli noted. In addition to the segments M&K targets, the industry also includes companies that resell equipment and part it out.

Decareau expects M&K to keep up its pace. One driver: a growing interest in environmentally safe disposal of electronics. In addition to extracting the gold and silver used in printed circuit boards, M&K can bundle and recycle the iron, plastic and glass from electronics.

A second driver is concern over security.

“To this day a lot of large companies don’t understand the importance of hard-drive destruction, even with data being stolen,” Decareau said. “That’s going to get much bigger and more interesting as time goes on.”