

Sustainability Indicators for Family Business

ABC RECYCLING

Strengthening lives through sustainability



CORE BUSINESS:

Metals recycling, demolition, derailment
clean-up, brokerage

INDUSTRY SECTOR:

Recycling

FAMILY ENTERPRISE HISTORY:

4th generation

HEADQUARTERS:

Burnaby, British Columbia

EMPLOYEES: 240

Supported by



FAMILY
ENTERPRISE
FOUNDATION

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Cover: Tony Dang

Below: Mike Yochlowitz, Mel Yochlowitz, Karen Alko, Helen Alko, Harold Yochlowitz and David Yochlowitz



INTRODUCTION

As they crossed the Atlantic Ocean more than a century ago, the Yochlowitz and Goldstick families may not have fully envisioned the magnitude of their hopes and efforts in enterprise. Yet, their labours were decades ahead of their time. As an enterprise, ABC Recycling's overarching purpose lies in achieving environmental sustainability and creating a safer world. As a *family* enterprise, their motto is telling: "We strengthen the lives of our people, community and partners." What better reason to be in business. Giving back to the community is rooted in the family's tradition of *tzedakah* which, in Judaism, refers to a spiritual and charitable obligation to do what is right, regardless of one's financial standing. Today, ABC boasts nine locations throughout BC and Alberta, and a rich network of international client partnerships. Specialists in scrap metals, brokerage, demolition and train derailments, ABC Recycling has emerged not only as Western Canada's largest scrap metal recycling company, but as a values-driven family enterprise with a sharp eye on the long term and an ethical view to improving our world.

HISTORY

ABC Recycling's origins lie in the Yochlowitz and Goldstick families, whose progeny would lay the foundation for an increasingly sophisticated scrap metal enterprise. Upon settling in Vancouver in 1912, Joseph Yochlowitz made a living as a junk peddler and scrap dealer. His sons Daniel and Charlie soon joined, and by the 1920s the family business, Service Auto Wrecking, was established. In 1935, Daniel Yochlowitz invested in his own shop, independent from his father's, and in 1949 established ABC Salvage & Metal.

By the late 1950s, Daniel's sons Harold and Melvyn increased their roles in the business. ABC began the shift from salvage to recycling in the 1970s as the company's leadership gradually passed from Daniel to Harold. Amid rising competition in the 1980s, Harold and Melvyn's sister, Helen, joined ABC to help the family business weather the storm through strengthening client relationships. Harold's son, David, joined the company full-time in 1988 as the fourth generation to do so.

By the 1990s, ABC had grown more than fivefold as it developed new markets in non-ferrous materials and brokerage. Leadership transitioned from Harold to David who would refine ABC's governance. Today, ABC continues to recruit highly qualified family members for key roles.

"Any extra money would go into the business or the community."
—David Yochlowitz

WHY THE YOCHLOWITZ FAMILY SUCCEEDS

- Purpose.** The family consciously seeks to make an impact wherever it can.
- Sustainability.** Environment guardianship activates long-term family commitment.
- Values.** Historic family principles are deeply relevant and influence present ideals.
- Vision.** Next-gens are a deliberate focal point as future business stewards.
- Compassion.** Giving back is locked in: "We believe in strengthening lives."

GROWTH AND PURPOSE

Ferrous or non-ferrous, ABC buys a remarkably vast array of scrap metals. From aluminum wire to irrigation pipe to vehicles, the 240-employee company breathes new life into more than 100 types of scrap industrial and consumer metal products. New and salvaged steels, copper, aluminum and brass are transformed and cut to client specifications.

For a family whose founder “scratched out a living” as junk peddler, scrap is big business. “Right now, we are about \$175 million in sales,” explains ABC Recycling CEO David Yochlowitz. “We have a goal by about 2030 to be at \$500 million, about three times our present size.” That takes vision. Yochlowitz recalls his first summer job where, as a 14-year-old learning the family trade, he worked alongside his grandfather, Daniel. It was through his grandfather that Yochlowitz’s own values were irrevocably shaped. “I saw my grandfather in action,” he recalls. “If he shook someone’s hand – no matter what the situation was – if he was going to lose money, one of his values was ‘always honour your commitments.’” Yochlowitz’s grandparents, who helped raise him, were respectful and forgiving. They lived humbly. “Any extra money they had would either go to the business or to the community.”

Prudence and principles lit the way in darker times, particularly the 1980s, when competition stiffened. Threatened by bankruptcy, ABC tapped into the goodwill it had established over decades of doing business ethically and negotiated remarkably favourable terms with its key clients and bankers. Indeed, customers that ABC had helped in the past graciously reciprocated. “We survived, but we would not have if my father and grandfather had not built those strong relationships. They supported other people through hard times, and they came back to support us.”

Family enterprises are often held up as organizations with deeper community roots than non-family companies. It is hard to disagree. In the grip of an industry downturn in 2015, ABC posted its worst year ever as losses ran into the millions. Yochlowitz recalls how one of ABC’s publicly held competitors was quick to lay off half of its workers to weather the storm. “We kept at least 95% of our workforce,” he relates. “They looked at their highest-cost employees and just got rid of them.” That same year ABC was a British Columbia finalist for Deloitte’s “Canada’s Best Managed Companies.”

What does a well-managed business look like to Yochlowitz? “It is an enterprise finely tuned for sustainable growth,” he says. It is a company focused on the long-term and one that empowers its employees. “Basically, they know your values.

They can make decisions on their own.” Indeed, a decade ago, ABC centralized key functions such as logistics and maintenance in its Burnaby office to support branch locations.

Tactically, the initiative might have been seen as hierarchical entrenchment, yet it galvanized ABC’s ethos of unity. “We have a strong collaborative culture where people are not afraid to speak up and challenge,” Yochlowitz says.

“It is one of our values; everyone has a voice. You can have great people who are good at what they do, but if your culture is not good it is not going to work long term.”

“We have a strong collaborative culture where people are not afraid to speak up and challenge”
–David Yochlowitz

*Harold, Andy and Mel
ship loading*



WHAT MATTERS TO ABC?

- **Environment.** ABC respectfully acknowledges ancestral lands of Indigenous Peoples.
- **Service.** ABC supports communities through the recovery and recycling of scrap metal.
- **Philanthropy.** Supports for Okanagan Forest Task Force, United Way, and many other programs.
- **Inclusivity.** Concrete steps towards economic reconciliation with Indigenous Peoples.
- **Impact.** Employees granted time off to volunteer and make an impact in the community.



Above: Mindy Henyu, Donna McCallum, Karen Alko and David Yochlowitz

SUSTAINABILITY: A TWO-SIDED COIN

By its very nature, ABC has been saving the planet for decades. These days, its impact goes beyond its core business to environmental clean-ups in remote Northwest Territories communities. Some 1,800 kilometres northwest of its Burnaby's headquarters, ABC has worked for many years with the Hay River Métis Government Council to clean up areas in and around Hay River. "It is expensive to get into these places, but we can have an impact there. We are just a small company so we are trying to make the impact where we can," Yochlowitz says.

ABC also does considerable work with the United Way Social Purpose Institute through its stated social purpose, which is: "We exist to preserve the world's resources, building thriving communities by accelerating metal recycling." The company also pays its employees to volunteer two days per year. Additionally, ABC donates at least 2% of its profits annually and uses its recycling equipment towards fulfilling its social purpose goals. "Half of our volunteer time and donations are directed towards these goals," Yochlowitz says.

Indeed, in the spirit of the UN's 17 ambitious sustainable development goals designed to accelerate peace and prosperity by 2030, ABC is committed to climate action, reduced inequality and sustainable communities throughout BC explains Yochlowitz's cousin and ABC's Community Relations Manager Karen Alko. "We have a five-year goal to provide training and clean-up services to every First Nations community in British Columbia," she says. "It is quite an ambitious goal."

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NO SHORTCUTS

Sustainability cuts two ways, Yochlowitz points out. That means being a family business that is around to have an environmental impact for generations to come. “We’re making sure that we can get to the next generation and still be a family company, have our values in place, and still make a positive impact in the community.” Whoever leads the company has a responsibility to ensure business is carried out in a responsible and ethical manner. Yochlowitz says this is the way the family has been taught over decades. “We won’t take shortcuts to be where we want to be,” he insists. “We have large growth plans, but if we are partnering with someone, our values need to align ... because it may be attractive, but if they don’t line up it won’t work.”

GOOD GOVERNANCE

The family legacy – strengthening lives – is cherished by Yochlowitz. It is, he says, to be upheld and protected because not only does it define his family’s purpose, but it is also a propellant for intergenerational longevity of ownership. This may seem abstract, which is why the family draws heavily on governance tools. ABC has shareholder agreements in place. Family members work with Personal Advisory Groups, peers with their own family businesses, as sounding boards to develop and refine their governance. Additionally, ABC’s next gens (there are nine from age three to 23) are a focal point, not an afterthought. As potential future employees, beyond a post-secondary education and external work experience, they will need to have a proven moral compass. “It’s not just for a job (that they will be hired), it’s because they will be looking to make an impact,” Yochlowitz stresses.



As for ownership, there is palpable intent to keep it in the family. To shape the future there is a conscious effort to connect with the past through storytelling. “It was very clear from our grandparents that they didn’t set this business up for it to be sold at some point.” ABC intends to resurrect its advisory board with a view to appointing external members for impartial advice.

As for succession planning, a blueprint is in the works. At 56, Yochlowitz sees his brother Michael, who is COO and 18 years his junior, as his natural successor. “We have been talking,” he says. “We have coaches.” Praise also goes to cousin Karen, whom Yochlowitz credits with sourcing governance tools to harmonize family and business matters.

GROWTH AND FAMILY IMPACT

With plans to nearly triple sales by 2030, ABC Recycling has a keen eye on a future of strong growth. Part of that trajectory will come through a U.S. expansion that will see the company loading bulk ships in the Washington coastal city of Bellingham, 79 kilometres southeast of ABC’s Burnaby headquarters. The company is building a shredding operation there. It comes at a time when commodities volatility, war in Ukraine, inflation and other economic headwinds have made life challenging for ABC. General costs and logistics fees have risen, Yochlowitz says, but the industry has been relatively stable.

So has his family enterprise, which has “some large growth plans” that could potentially see it partner with another family business. But values would have to dovetail, Yochlowitz concedes. “If we get too large, will we still be nimble and have that family connection?” With the efforts it exerts to connect with its workforce, probably. ABC holds three town hall meetings per year at its 10 locations. “We know everybody. We know their families, but as you get bigger that gets tougher.” Indeed, it does, but ABC will likely continue to take the time to strengthen the lives of its people, community and partners.

