

Making every penny count in the recycling business

by Scott McLeod

In the recycling business, profit margins are generally low and therefore sales volumes must be high to cover all expenses and profit obligations.

A company that is financially structured this way has very little choice but to always keep an eye on expense levels and do everything possible to keep these expenses as low as possible.

Why? Because when gross profit drops – as a result of an economic slowdown, or maybe because of poor resale prices due to an oversupply in the market, or possibly because of high commodity prices that have resulted from a shortage of raw material – then the high capital costs associated with operating expensive forklifts, loaders, balers and so on becomes intolerable and a business can begin to bleed red fast. There's no quick and easy fix when this happens.

Consider the costs: forklift trucks

As an example, we'll talk here about forklift trucks. Everyone knows that there is a cost to acquire a forklift and they also expect to pay for maintenance over a truck's useful life. However, most forget to consider the cost of the operator, training, insurance and so on. What about the cost to issue a purchase order, cut a cheque, and file both of these each time a truck needs repair over the next 5+ years?

It should also be taken into consideration that if a 5,000-pound capacity propane forklift operates six hours per day, five days per week, it will cost a company roughly \$26,000 in fuel alone, over a



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period of about five years.

What if this cost could be reduced by more than 50 percent using new technology or by staying on top of fuel prices, and having a better negotiation strategy? If a fleet consists of three trucks, what impact would there be to a bottom line if the same productivity could be achieved with one less truck? It is possible.

These are some of the tough questions that should be asked sooner rather than later. The responsible approach is to search out answers to these questions proactively so a business can be prepared for the next turbulent economic storm.

Let's also not forget that the real goal of any business is to achieve the highest profit possible when times are good. Either way, not acting to lessen excessive cost is a missed opportunity, and it shouldn't be taken lightly.

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Enerkem starts construction of municipal waste-to-biofuels facility in Edmonton

Enerkem Inc. a leading waste-to-biofuels company, held a groundbreaking ceremony at the end of August to signify the start of construction of its municipal waste-to-biofuels facility, with its partners, the City of Edmonton and the Government of Alberta. Alberta Premier Ed Stelmach, Edmonton Mayor Stephen Mandel and Enerkem Chief Executive Officer Vincent Chornet participated in the event.

According to Enerkem, the new advanced biofuels plant is the world's first industrial-scale biofuels project to use municipal solid waste as feedstock. It will have an annual production capacity of 36 million litres (10 million gallons.) Using Enerkem's proprietary clean technology, the CAD\$ 80 million facility will produce enough biofuels to fuel over 400,000 cars per year running on a five percent ethanol blend. It will be built, owned and operated by Enerkem Alberta Biofuels LP, a wholly-owned subsidiary of Enerkem.

The City of Edmonton and Enerkem Alberta Biofuels have signed a 25-year agreement to convert 100,000 tonnes of the City's municipal solid waste into biofuels annually. The garbage to be used cannot be recycled or composted.

"Edmonton's environmental leadership has us continually looking to set the bar higher," said Edmonton Mayor, Stephen Mandel. "As a result of this facility, we will become the first major city in North America to see 90 percent of residential waste diverted from landfill by 2013. This is a major achievement, and a big step towards a greener Edmonton."

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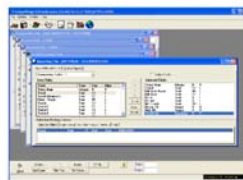
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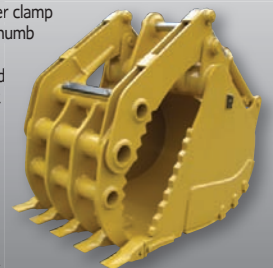
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