

## Business first, shareholders last: Coslov

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PITTSBURGH — Publicly held metals recyclers must focus on their business first and foremost and not on pleasing shareholders, I. Michael Coslov, retired chairman and chief executive officer of Tube City IMS LLC and TMS International Corp., said.

"My business motto is four things: Take care of your people, take care of your equipment, take care of your customer and take care of the stakeholder," Coslov told *AMM*, noting that the shareholder should be the last concern, because ensuring that the first three priorities are in good order will ultimately result in a profitable company.

"People make a mistake and take care of (the) stakeholder first. If you take care of (the) stakeholder first, you are going to end up in the crapper," Coslov added.

Recyclers could benefit by embracing the raw ambition that made American scrap legends and fortunes, he said.

"The basis of the scrap industry has been entrepreneurial(ism)," he said. "The big companies came in and bought up entrepreneurs and try to force upon them the corporate culture. As much as their size is an advantage to (multinationals), buying up companies and taking the fight out of the industry is a disadvantage to them."

Coslov singled out Adam Weitsman, president of Owego, N.Y.-based scrap processor Upstate Shredding LLC-Ben Weitsman & Son Inc., who has been known to rile the industry with his maverick approach to business. "Weitsman is terrific and one of the best innovators of today who reminds me of myself when I was younger," he said, noting that Weitsman epitomizes the ambitious competitiveness that public companies mistakenly remove from their own boardrooms. "Anyone who messes with the status quo, especially with multinational scrap companies involved—I can see where they get upset."

While steel mills have been known to springboard deals into other cities, Weitsman steps on some toes by springboarding into other territories to secure feedstock, Coslov said.

Steel mills have been wise to amass enormous scrap assets, he added.

"Mills are at a clear advantage owning shredders," Coslov said. "Their return doesn't have to be as great, their scrap doesn't have to be as clean and they can melt their own mistakes."

Mills also enjoy lower freight costs and realize the returns on the nonferrous generated in the shredder's downstream.

It's the sheer volume of processing equipment that compresses margins. "I have been known to say that I wanted to make a shredder to eat shredders," Coslov said. "There are less scrap dealers today but more equipment, and they are ultimately competing for the same reservoir of scrap."

Coslov, who had joined Glassport, Pa.-Tube City in 1965 and retired in 2011 ([amm.com](http://www.amm.com), Aug. 17, 2011), identified two ways for scrap companies to manage volatility. "Either make a commitment to make your costs low and handle less material so you don't have to go for marginal material and function on the higher spread material. To get larger, you have to go for more marginal material, and you will have to speculate and wait to sell until there is more of a spread," he said. "When people stop treating scrap as a commodity, they start losing money."