



Dwight Zahringer: Hi Tom, this is Dwight Zahringer and Dario Chiarina of Recycling for Charities, thank you for joining us this morning.

Tom Szaky: Hey guys.

Dwight Zahringer: So Tom, you've got a very interesting product and I think we gave you a little bit of information as far as Recycling for Charities and what we do and how we definitely have a parallel in the types of services we offer. I thought it was an interesting topic share with our charities and a lot of the people that are doing fundraising for us, not to mention a lot of consumers that are out there working to better the environment and help out charities while they're doing it. If you start off by giving our listeners and our members some background information about how TerraCycle started. One of the interesting things I want to hit on too is how you walked away from a million-dollar VC fund, which is kind of inspiring as well.

Tom Szaky: What we do at TerraCycle is we work with major companies like Kraft, Mars, Frito-Lay and more that have packaging like chip bags or juice pouches or cookie wrappers and that are entirely non-recyclable. They fund us to run national collection programs. The way it works if you are a consumer or a group, such as an office, school, or something along those lines, you can go to terracycle.net, our web site, create an account, sign up and choose what waste streams you want collect. Let's say you're interested in collecting razor blades, yogurt cups and energy bar wrappers just for sake of argument. You then sign up for those waste streams. If you want we'll send you boxes for free, or if you have your own box you can provide your own box. Either way it's entirely free.

You fill those boxes up with a significant amount of those specific waste streams. Once these various boxes are filled with these distinct waste streams, you download a free UPS sticker from our web site, send it in and then we get it, we check it in in Trenton and then donate \$.02 per every unit of waste that you send us to your account. Now you have to allocate that money to any charity or school in America and we pay that every six months. We've

been able to divert through this method, not just hundreds of millions, but billions of units of waste.

Dwight Zahringer: Wow, that's great. And now is there a validation process you go through to make sure that the people that are receiving the funds; that they are of a non-profit or educational nature?

Tom Szaky: Yeah, basically what happens is when you sign up to our site, you must explain your purpose or allocate a charity where it goes to and you have to have a valid charity tax ID number or a charity ID number and through that we can validate and make sure everything is legitimate. We give away to about 20,000 different charities at this point.

Dwight Zahringer: Okay great. So talk a little bit about how you decided to get into this, what was the epiphany to walk away from a small college such as Princeton and go into business for yourself, when you actually had a great educational background and upbringing with your family.

Tom Szaky: Yeah, absolutely, I had a really great time at Princeton and the whole thing started for me because I was into challenges. I'm Canadian, and one of the challenges being young in America, especially in college is that you typically can't drink. So my friends and I went to Canada on the fact that our drinking age is like 18 or 16 depending on what province. We all went up to Quebec, Montreal and started hanging out there enjoying that drinking age and my friends happened to also be growing some ghanja in their basement in Montreal, which is a little bit more tolerated in Canada than down here. And the plants were having a really hard time because they weren't feeding them good fertilizers. We started feeding them worm poop, which is basically organic waste fed to worms and the plants started doing incredibly well. And that's what inspired me to basically start TerraCycle, which started as a company that packaged worm poop and used soda bottles. From there we've grown to, at this point, hundreds of products made from garbage and doing that all over the world.

Dwight Zahringer: Yeah, I've noticed that now too that you're offering a number of different products that like the backpacks, a lot of back to school items, which seems to be perfect at this time right now too.

Tom Szaky: Oh yeah, our back to school products have been selling incredibly well this season and because of our backpacks, pencil cases, etc. We also do other things all the way from fishing lures made from CD's to Christmas products to cleaners. Basically anything that

you can imagine made from garbage we have our hands in somehow.

Dwight Zahringer: Wow. How recently did you expand your product line from the original staple TerraCycle product?

Tom Szaky: We expanded beyond fertilizer about 2 ½ years ago and then got very serious about it a year ago. We don't actually make anything anymore. We used to manufacture, but what we do now is very similar to what a company like Disney does or Nickelodeon with Sponge Bob where we license the technology and the waste to companies that are experts in making these specific products. A great case study would be a company like American Greeting who makes a lot of bows and gift bags and such. They're the ones who are now making the TerraCycle Christmas line which are things like bows, gift bags and gift cards made from old wrappers.

Dwight Zahringer: So you're collecting, you're supplying them with the product that's the core of manufacturing and they're actually doing the manufacturing and giving you the end product?

Tom Szaky: Yeah, that's right.

Dwight Zahringer: That's really smart.

Tom Szaky: Yeah, it allows us to have good, high quality and a wide range of products.

Dario Chiarino: Tom, you mentioned something interesting in the intro about some of these partnerships you have with these major companies like Kraft and you just mentioned American Greetings and some of these big companies that when you first hear them, environmentally conscious doesn't first come to mind. Explain a little bit about the balance about being mission-led with wanting to save the environment but also being a capitalist at the same time.

Tom Szaky: Well I think those things go very hand in hand. You know most major companies who really throw weight around in this country are the ones that you can really scale up quickly with. They are really concerned and thoughtful around the environment. They want to really put resources there and they want do it right. So we're in this position where most environmental groups don't like working with big companies and because of that in fact we have very little competition. TerraCycle has almost no competition in what we do. And I would encourage people who are out there looking to make a change in how the world is to look at major

companies and help them change cause that's where really big scale will happen really quickly I think.

Dwight Zahringer: Do you fear as TerraCycle continues to grow that you might be put in that position where you've outgrown this little guy helping the grass roots environmental movement versus the bigger companies or corporations? Where as you get bigger then maybe you're seen as selling out so to speak?

Tom Szaky: I don't think so. I mean I could see where people may consider that, but at the end of the day, we're doing something where we're helping these companies eliminate garbage as an idea. That's a very big, big task. I think as long as we stay core to what we believe in and what we stand for, there should be no problem.

Dwight Zahringer: Recycling for Charities has been around for five years and our whole component as a nonprofit was to recycle used wireless electronics such as cell phones, PDAs, and now we're getting into the iPods and the iPhones, digital cameras. We've really benefited from consumers wanting to be green, wanting to do this, wanting to help out a charity in the same right, but we've also benefitted very heavily off of the Internet and the use of that. That's really our main storefront. How have you been utilizing the Internet and how have you seen that really help to grow the movement of your company from its infancy till now?

Tom Szaky: The Internet is critical. We're actually launching a brand new web site today which we're really excited about. It's ironic that you're asking me about that. The Internet is the best way to get the word out and get people excited and interested in what you're building. For us especially, what people have to do is go to our web site to sign up to collect so there's a big Internet component. Other than just creating awareness, it's critical so that people can come, find out about the company and especially for us to be a part of it.

Dwight Zahringer: That's excellent. So you're seeing a bigger stream that's actually happening with the Internet and people being able to connect with you via that way. I also notice too that you have a small hidden blog over on a small magazine site called Inc.?

Tom Szaky: Yeah.

Dwight Zahringer: How's that been working as far as getting feedback and putting your message out there as well?

Tom Szaky: I blog for Tree Hugger, for Inc., Triple Pundit right now and I'm actually about to start for the *New York Times* pretty soon. We try to get the word out in as many ways as we can. Blogging is a critical piece. One of our big things that we're doing along these lines is we have our own TV series actually on *National Geographic* channel called *Garbage Moguls*. That's an example of somewhere where we're really trying to create as much awareness as possible and you know the best way to do that is to have your own TV show. We're really excited about that. *Garbage Moguls* premiered a couple months ago and each episode sort of follows us as we take a waste stream, make it into a product and then sell it to a major retailer. Anything anyone can do to create awareness, that's the critical piece in this whole thing is just get the word out and create as much awareness as possible.

Dwight Zahringer: Some people have the idea that since they are doing something good for the environment that that's the reward itself and might see that receiving a profit for your good deeds is not the best way to help the environment.

Tom Szaky: I think that's as mistaken as possible. The only way to become truly big is to be for profit and to demonstrate that what you're doing can create value. That's the only way you'll become large. I mean if you look at the top, you know largest entities in the world, every single one of them.

Dwight Zahringer: Right. What about as far as responding to businesses. I know locally here in Detroit, there have been arguments over here as far as water bottles and recycling. A lot of the major manufacturers do not want to invest in the technology and the machines to do that sorting. So a lot of those do end up in waste if not a recycling facility. A lot of communities believe it or not across the nation still do not have curbside recycling for a lot of plastic products. What do you say to businesses when they think it may be too expensive to invest in going green and actually taking out steps to protect the environment?

Tom Szaky: You know I think that they need to make the decision on going green as a decision that will help build their business. It's not a decision that's mandatory and they should do it as a decision to help grow the business in general. Actually a couple of the big water bottle companies are gonna be launching programs – in fact the biggest I believe is launching a program with us in January to start collecting water bottles. At the end of the day what we try to demonstrate is that by partnering with us and by allowing us to collect waste and creating these solutions through the TerraCycle

system, that they actually are able to grow their business and to sell more product. So far we've been able to demonstrate that in a really, really strong way and as long as we can continue to do that, that's the critical piece.

I don't think businesses should go green and lose money. I think that's a big mistake and there's a whole list of companies that can give you examples of that have done that and have gone bankrupt in the process. But I think green is a very powerful thing to leverage if it's done properly and can actually build sales in a really big way compared to traditional methods of marketing and advertising.

Dwight Zahringer: How can a business incorporate your vision of waste equaling gold into their own business plan and be successful? There are many benefits that they might not have thought of just besides being environmentally aware. You have grown in the past year and really elevated the amount of products and the ideas of utilizing other people's waste, having them manufacture it, taking away the manufacturing components and those investments personally yourself for the business. How can people see more benefits besides just being more environmentally aware and saying that they are?

Tom Szaky: I think that it entirely comes down and it depends on the nature of each – it depends on the business. It's hard to give a generic answer for that because it really comes down to what is the business specifically about, what are the touch points, is it consumer products? Is it services? The key thing I think is to understand the consumer first and foremost and even beyond that it's first to build a great business because that's the hardest part. Most businesses go bankrupt, that's like the standard thing, I think only one in ten businesses that open in a year succeed.

At the beginning obviously focus on just making sure your business is gonna work and then start understanding the consumer and see where the consumer sees value cause that's who you're servicing. It's not about what the business cares about; it's what the consumer cares about. And servicing where the consumer sees value is critical and a lot of consumers see value in green and different environmental things as long as it's not more expensive and I think that's the critical challenges that all businesses have to look at is how to create green and socially responsible offerings without charging premium prices for them.

Dwight Zahringer: That's great. Tom, we're gonna wrap things up in a second but before we do, all these great new products that you have, are these available in retail right now and online?

Tom Szaky: Yes.

Dwight Zahringer: For our Recycling for Charities consumers, we're definitely gonna highlight TerraCycle in our next months' newsletter and put some information on the site. I'd like you to tell our viewers how they can get involved, maybe with their school or their church or their organization in receiving & utilizing your programs as a profit generation for them and where they can find and get some of these great products.

Tom Szaky: Absolutely. Our web site's actually going live again today so it's good timing. You go to www.terracycle.net to sign up, collect waste and earn money. Then if you want to find TerraCycle products, you basically go to any major retailer, Wal-Mart, Target, Home Depot, etc and you can find TerraCycle products in most major big-box retailers.

Dwight Zahringer: Tom, have you had any interest from any top fashion retailers or any large or well-known names that maybe wanted to partner with you or utilize some of these items as accessories for some of their lines to really get some notoriety?

Tom Szaky: Yep, you'll be seeing TerraCycle pop up in places like Macy's next year, JCPenney, and Kholes. These are all places that are going to start featuring TerraCycle products in 2010.

Dwight Zahringer: Wow that's great. Well Tom, congratulations to you. I appreciate you giving us a couple minutes of your busy day. We appreciate it and I know our readers and our listeners are also gonna appreciate what you're doing to help the environment. We hope we can send some other people your way to help generate some money and help save this little place we call earth.

Tom Szaky: Sounds great. I look forward to being a part of it and thanks for taking your time.

Dwight Zahringer: All right, thank you Tom. Bye now.

Tom Szaky: Cool, bye.

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