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## Winning Combination

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Dallas-based Texas Recycling/Surplus's scrap industry roots may only reach back to the early 1980s, but the high-grade paper recycler has established itself as a prominent player in the market in that time.

Many people assume that brothers Joel and Craig Litman, like many of their recycling industry colleagues, grew up in the business. And while the brothers have spent the better part of their adult lives in recycling, both started their careers on very different paths, as did their father, Stan, who got his start in the scrap paper industry in 1980.

After years of grueling travel as a sales manager for a large industrial chemical company, at 52 years old, Stan Litman decided he'd had enough, Joel recalls.

While on sabbatical, Stan met a man who ran a paper and rag business in Dallas. Intrigued, Stan spent some time at the company and decided to try his hand in scrap. He ultimately purchased Daltex Waste Material Co., which provided the foundation for Texas Recycling/Surplus.

Within a few years, Joel had reached a similar crossroads in his own career working for a public relations firm. When his father wanted some help with his growing business, Joel took a week off and spent it at his father's company. "I realized I could stay in the PR field and always work for someone else. But this was an opportunity to roll up my sleeves and start at the bottom but learn the business and work my way up, and eventually have it blossom into a bigger business, a family-run business," he recalls. In 1984, Joel left the PR firm and joined his father at Daltex.

In 1989, Craig Litman, a CPA, wanted a career change after five years in public accounting and two years as director of tax for a health care company. Rather than stay in accounting, Craig joined his brother and father at Daltex. In 1992, Stan sold that company, freeing the Litmans to start Texas Recycling/Surplus in September of that year.

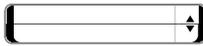


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For the Litmans, working together—and working for themselves as business owners—has been liberating and rewarding. "It's your business, and you make the decisions," Craig says.

## RAPID EXPANSION

Texas Recycling/Surplus has spread beyond its original plant. Action Shred of Texas, the company's secure document destruction business, is located in a separate building. The company also has a third facility that houses a plastic recycling operation and two nearby auxiliary warehouses. The company started with just three employees—Stan, Joel and Craig—and all had an equal part in the company until Stan passed away in 2003. The company has grown to 75 employees today.

The operation recycles high grades of paper—office pack and deinking grades—that are supplied mostly by industrial accounts and commercial printers.

While Texas Recycling focuses on high grades, it has diversified its operations throughout the years to include processing of some bulk grades—OCC (old corrugated containers), ONP (old newspaper) and mixed paper. "Our account list has grown, but the focus has always been the high grades," Joel says.

However, Texas Recycling is quick to adjust to meet its customers' changing needs. The company added the secure destruction operation in 2005 to meet growing demand from its customers and to capture more office accounts. In addition, Texas Recycling has expanded to handle plastics as well. "A lot of our paper accounts had plastic. They were looking to do something with their shrink wrap in particular," Craig says. Now the company accepts a variety of post-industrial plastic, including PET (polyethylene terephthalate) and PVC (polyvinyl chloride).

### MAKING IT PERSONAL

According to the principals of Dallas-based Texas Recycling/Surplus, sometimes the old-fashioned way is the way to go when it comes to communication. In addition to emphasizing face time with customers and suppliers, Texas Recycling has no voice mail system, opting instead to take messages in person.

"We've made a commitment to that, and voice mail is not even an option here," Joel Litman says.

In an often automated communication world, Joel says the personal touch has been positively received by the company's customers. "When you have live people on the phones, you know that a message is being taken," Joel

Texas Recycling's buyback center accepts peddler traffic, which brings in ONP and UBCs (used beverage containers).

The company enjoys an active export trade with its southern neighbor, Mexico, and also does business through brokers to Asia, particularly with its plastics. "We are really blessed geographically with where we are," says Joel. "There are a lot of mills in the South and Southwest, and Mexico is so close."

Joel says Texas Recycling's twin focus on service and quality help it take advantage of its location. "We consider our niche to be high-level customer service and producing a quality pack," he says. "When we sell material to a mill, when they ask for 'X,' we make sure they get 'X.' "

The Litmans' companies also have been members of the Paper Stock Industries (PSI) and Gulf Coast chapters of ISRI (Institute of Scrap Recycling Industries

says. He adds that he hears the same complaints about "voice mail jail"—the sometimes endless menus and confusing options those callers can encounter trying to navigate a voice mail system—from Texas Recycling's suppliers and customers. "It gets very frustrating," he says.

Joel's brother Craig adds that the nature of the business makes talking to a live person all the more important. Having people fielding calls helps give customers a sense that their needs are being addressed immediately, Craig says. "If a customer has a hot job, or their machine breaks and they need pickups, you can't tell a voice mail that and get an instant response," he says.

A notable difference in an industry that is increasingly dominated by high-tech communication is Texas Recycling/Surplus's aversion to voice mail, which the company has purposefully eschewed in favor of taking messages in person. "There is no voice mail—both of us despise it," says Craig of the attitude he and Joel share toward voice mail. (See sidebar, "Making it Personal," below.)

A little extra attention to customers can make a big difference in today's uncertain economy.

### **POISED TO THRIVE**

Since its founding, Texas Recycling/Surplus has seen the paper market peak and slump in the mid-1990s. It also has enjoyed the record-high prices fetched until the economic downturn of late 2008.

Joel says this current downturn is likely to reeducate people about recycling as a business. "People are realizing now that it's a for-profit business and that it's more than just collecting, which is all they are exposed to," he says.

Even with the market downturn, Joel says he expects the global trade to remain a major factor in the industry. "Export destinations are still such a large consumer—the bar has been set," he says. "Domestic mills can't handle all the material—they're shutting down their machines, and the majority of new machines is overseas."

A key element to riding out a down market is being proactive, says Craig. "You can't sit and wait," he says.

As a biking enthusiast, Craig says he knows the best way to increase his mileage is to get lean. "That's how you get to the next level," he says. "And that's what we need to do here as a company."

Joel adds that the same characteristics that help him as a long distance runner—endurance and perseverance—will also help the business succeed

Inc.), and Action Shred is a NAID (National Association for Information Destruction) member. Joel is currently secretary-treasurer of PSI; Stan was PSI president in the mid-1990s. "When we got into the business, and even today, we've found these trade organizations to be great resources for networking and industry information, whether it be with industry peers or vendors. They have helped us grow."

### **THE EXTRA MILE**

The Litmans believe it's the company's approach to customer service that sets it apart in the field of its competitors. "Craig and I came from businesses where the firms were first-class operations all the way and very people oriented. Our father came from the same style company," Joel says. "We work hard every day to bring that here. Some refer to us as the quality guy in town."

in challenging times. So does the ability to be nimble, which is easier to do as a small business as opposed to being part of a corporate conglomerate. "We don't have to wait 30 days to make a decision. We decide it, act on it and do it," says Craig.

Texas Recycling also relies on input from its staff—many of whom have long tenure with the company. "Without our staff, we wouldn't be here today," Joel says. Decisions can be made nimbly on a management level, but Joel and Craig rely heavily on their employees to carry out those plans successfully.

Craig says following a few simple principles helps Texas Recycling retain good employees.

"We treat them the way we want to be treated," he says. "We want them to enjoy coming to work. If they're happy, they'll help us make this company successful."

Joel adds that mutual respect is also a key element. "That's something our dad instilled early on," he says. "He treated his employees well—he treated them like he wanted to be treated."

It is these traits—respect, lean operation, endurance and perseverance—that helped the Litman brothers and their father found Texas Recycling/Surplus in the early 1990s. And the Litmans say those characteristics will help the company not only weather the current economic downturn, but thrive in the future.

"Even through the current economic situation, we look at expanding, increasing our market share," Joel says. "We don't want to be the biggest in town, we just want to be among the best in town."

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