

8-10-1999

# Clay, William Oral History Interview: Business and Industry in Holland

Anna Holt

Follow this and additional works at: [http://digitalcommons.hope.edu/holland\\_business](http://digitalcommons.hope.edu/holland_business)



Part of the [Archival Science Commons](#), and the [Oral History Commons](#)

---

## Recommended Citation

**Repository citation:** Holt, Anna, "Clay, William Oral History Interview: Business and Industry in Holland" (1999). *Business and Industry in Holland*. Paper 5.

[http://digitalcommons.hope.edu/holland\\_business/5](http://digitalcommons.hope.edu/holland_business/5)

**Published in:** 1999 - *Business and Industry in Holland (H88-0234)* - *Hope College Living Heritage Oral History Project*, August 10, 1999.  
Copyright © 1999 Hope College, Holland, MI.

This Article is brought to you for free and open access by the Oral History Interviews at Digital Commons @ Hope College. It has been accepted for inclusion in Business and Industry in Holland by an authorized administrator of Digital Commons @ Hope College. For more information, please contact [digitalcommons@hope.edu](mailto:digitalcommons@hope.edu).

Interview with William Clay

Interviewed by Anna Holt

1999

AH: This is Tuesday, August 10, an interview between Bill Clay and Anna Holt. First I'd just like to ask you a little bit about your personal history; where you were born, when you came to Holland, stuff like that.

BC: I was born in Grand Rapids. I came to Holland in 1970. I graduated from Ferris and then I went to work for Ford Motor Company in Detroit and spent four or five years there. Then we came here for a vacation on the beach, having been from Grand Rapids. We were sitting on the beach saying, "Hmmm....This would be a great place to live." So we decided to come. Then I started looking for a job over this way.

AH: The first job you got was here at Padnos?

BC: Yes.

AH: What did you start as?

BC: When I came to work here I was their first personnel director

AH: What did you do in that position?

BC: They didn't have any records whatsoever of the employees or anything when I came here. There were about seventy people when I came here. It started out, just trying to get all the records in place and making sure we knew who was here and addresses and telephone numbers. We didn't have any of that stuff. Up until then, the way it worked was, somebody would walk in and talk to Seymour or Stuart. They'd say,

"Yes, OK, go to work." Then we had to figure out how to do pre-employment physicals. We started with, really, nothing. Of course, I had been in material handling at Ford, so I didn't know anything about personnel either. It was sort of a ...get a book and...

AH: Learn as you go...

BC: Yes. It wasn't shortly after that they decided that they needed somebody to do public relations, so they changed my title to HR and public relations. It was right shortly after that they decided to put their first shredder in, which shredded automobiles. At that point, there was this big problem in Michigan with abandoned automobiles. Everybody was trying to figure out what to do with those abandoned automobiles. It used to be the auto wreckers would burn the inside of the cars out to get rid of the impurities that the steel mills didn't want. They just took kerosene, throw it inside an automobile and light it off. When it quit burning, they'd bring it in there and we'd bale it, make a cube that was two foot by two foot by three foot. Then it would go back to the steel mill and then they would melt it down and make a new product. All of a sudden everybody says, "Wait a minute." Burning all this stuff and blowing it into the air didn't make any sense. The state passed laws saying you can't do that anymore. That sort of brought on the shredders. The first shredders were really built in Texas, I believe. Henry Ford II told his people that they needed to figure out what to do with these abandoned cars because, at the time Lady Bird Johnson and President Johnson were saying we need to clean up. They had this - Beautify the U.S.A. or something like that. They asked Henry Ford to do something about all these cars.

They came up with a system, I think the first one was in Belleville, Michigan I believe. It was Lurie Brothers, which was, at that point one of the big brokers in the scrap industry. They started the first shredder in Michigan. It was just shortly after that that the Padnos' decided to put in a shredder. Of course, the interesting thing about the shredder in Holland was that it had to be relatively small given the population base. It was a rather unique design that was put together. It was really built for small communities. When we started to think about those shredders, we figured out...well, we had to do something to try to solve this abandoned car problem. Not only was I doing HR at that point, then I also started doing...We decided the way to do it would be to get each county to set up a collection system. I started visiting all the county boards of commissions and putting on a little presentation. Saying, "Hey, if you could get the cars collected in the one site, we could come in with a car flattener, flatten them and then take them out of your county." We had some success with that, but not a lot. Then the state decided they needed to do something about it and they came up with a program where they were going to take trustees from the prisons and they were going to buy flattening equipment and go out and do the same thing. That worked much better. In fact, like north of Big Rapids, they did a great job. So I started doing all of that. In the meantime, we were installing the shredder here and it was, for this company, that was a huge undertaking. I think they put just about everything they had into this shredder. Of course, put the shredder in, and then the shredder wouldn't work. Of course, we've got car bodies piled up all over the place. At that point I told Seymour and Stuart, "I don't know that much about it, but

I'll go down and see if we can't figure out how to make this thing work." That was part of the problem. Stuart was busy doing his part of the business and Seymour was busily selling and all that sort of stuff. They really didn't have anybody in what you'd call operations so to speak. That was sort of the beginning of it. I went down there and we started working on the shredder and just started at one end and tried to solve each problem as it came along. About six months later we finally had it so it was running pretty good. It was quite interesting, about the time we got it running, it was one of those...Elzinga Volkers had done the design work. They had a guy working for them who had one time worked for United Press International. He put out a little news release that this shredder in Holland was running. It was something to do with Earth Day and all this sort of stuff. The whole thing came together and low and behold, it hit the wire and almost every major newspaper in the country picked up on the story. It just happened to be one of those days when nobody was shooting anybody or whatever. [laughter] All of a sudden, we're getting all kinds of people wanting to come and see this shredder. In fact, we had all three of the major networks come in. They shot footage. Pretty much, I think we were on all of the evening news programs. There was a big article in the New Yorker. It was really interesting because exactly at that same time they were having the national scrap dealers convention in Miami. Of course, the Miami Herald knew that they were in town and so they picked up on it. Sure enough, right on the front page of the Miami Herald was a picture of the Padnos shredder.

AH: This little shredder in Holland...

DC: Yes. Seymour's down at the convention. [laughter] He was just catching it from everybody down there. "How in the world did you ever pull this off?" It was just one of those things that happened. Anyway, that's when I sort of started moving into the operational end of the business. Then I started doing less and less of the HR and public relations.

AH: So now you are the Vice President of Operations?

BC: Yes.

AH: What does that entail?

BC: Basically it means I run everything outside the office - transportation, maintenance, production. We have fourteen sites now, but I have mostly to do with just the major yards. There's about six or seven of the major yards.

AH: Where are those major yards?

BC: There's two in Grand Rapids, one in Muskegon, one in Lansing and the one in Holland. The rest of them are what we call feeder yards - we collect, we don't process. Then the material comes to the major yards to be processed in one way or the other.

AH: The rest of those feeder yards are all in Michigan?

BC: Yes. We have Hastings, Ionia, Buchanan, Ludington, Scottville, Cadillac, Traverse City. And I forgot our other major, we just opened up a new facility in Grandville, which is one that I have a lot to do with. That's where our paper processing is going on now. That's one area that people don't realize that the Padnos' are really involved in. They've been in the paper business for a long time. I think they started in the

paper business during the Depression. That's when we first started moving on to this site that we're on now. They bought an old bankrupt furniture company building. Then they borrowed some money from the bank to buy a bailer. Of course during the Depression, if you were going to put anybody to work, they'd loan you money. So they bought a paper bailer and they started into the paper business. They've been there ever since and it really is a big part of our business. It's just that you don't see it. It all goes on inside of a building. The trucks are running all over the place. We built a new paper plant about eight years ago in Grand Rapids, but it just got to be...we had no idea that the paper business would grow that fast. Of course the Grand Rapids area is growing fast so we're running out of space to do things. So we bought an old building in Grandville and we've renovated it and put it into operation. It's been in operation now for about eight or ten weeks.

AH: Can you describe some of the growth that you've experienced? Since you came in 1970 with about seventy people...

BC: ...And today we're at about four fifty. I think that when I came here they were probably doing... two or three million dollars a year in sales, I would guess. Today we're doing about a hundred and eighty million. Our production numbers, when I first came here they were probably lucky to be doing a few thousand ton a month and now we're doing over fifty-thousand ton a month. When I came here, basically they had two little bailers and a turnings (?) crusher. I think back then we had maybe two or three cranes. I think today now we have forty-eight. I think when I came here we had about ten drivers, now we have about sixty-five. Really, the shredder sort of

took us there. It took us from just being a small scrap yard in a small town to, I guess we'd like to call ourselves a regional processor now. I think the theory within the Padnos family right now is, we don't want to acquire any business that's not within driving distance. If we can't drive there and back in a day, right now, that's not where we want to be. That's why we've pretty much specialized in west Michigan. I think that continues to be there, although I think we may be moving to the other side of the state somewhat. But mostly still where we can drive there and back in a day. I think what happened was, the shredder gave us enough revenue to be able to purchase - generated enough profit - so that we could continue to grow. So far, each time we've made a decision to acquire another piece of equipment it's been very successful. It's not very often where a company will go into a new process and have them all work out. In our case, I can't think of anything that we've done over the last thirty years that... There's been ups and downs in each of those aspects of our business, but clearly, long run, all of the decisions that have been made, have been good ones. We continue to operate almost all of that equipment. A lot of the equipment that we have here is still... For example, the bailers. I think those bailers were built in the '50's. We still use them everyday. The shredder that we put in in 1970 left Holland about two years ago, but it's now in Lansing. It continues to run everyday. I think part of that has to do with Seymour and Stuart's attitude. Seymour has this little theory. He says you have to operate like a ship at sea. That means you have to be able to repair everything yourself because if you're dependant on somebody else, it creates a lot of problems. That was one of the reasons why they



acquired the IXL machine shop company. That company was in financial trouble.

Because they were doing a lot of repair work for us, the Padnos' decided that it would be better for us to own that business and so they purchased it. That's been a real plus because a lot of the equipment that we have nowadays, we build ourselves. That makes it a whole lot less expensive. Once we build it, then we know how to take care of it, we know how to fix it.

AH: You get it exactly how you want it.

BC: Right.

AH: Are most of the other facilities you have, were they acquisitions or were they places that you've built?

BC: They're all acquisitions. It would be very difficult nowadays to start a new scrapyard. Because of all the regulations, you're much better off to buy something that already was a scrap yard. Then you don't have to argue about the permits. You don't have to argue about the operating hours. Let's face it, the scrap industry is a necessary evil in most people's eyes. I can remember early on, all the fights that we had with the Board of Appeals and all that sort of stuff within the city. I think we learned a lot of lessons through all those processes.

AH: Can you talk about those a little bit?

BC: Sure. Originally, we were a non-conforming use, which meant that we didn't fit into any of the categories of industry within the ordinances of the city. That meant that every time we wanted to do something we had to go to the Board of Appeals.

AH: That could get real old real fast.

BC: It did. It really made Seymour and Stuart's life pretty miserable. Anything, regardless of what was going on, anything that might be pointed to us, somebody has a personal vendetta against them or whatever -all of those things came into play. It was sort of like, having to go beg to install some new piece of equipment. "Well, you can't do this, you can't do that." We'd be putting a piece of equipment over on this side of the street and they'd want to add all kinds of requirements for something that was going on across the street, having no relationship whatsoever to what we were trying to do. It was pretty interesting because at one point, when the economy was pretty low in Holland there was a paint company that wanted to come into town. Of course, when they wrote all these ordinances, they had all these lists of prohibited businesses in town. Sure enough, on there, you couldn't produce paint. They wanted this paint company in town so bad that they were willing to change all of the rules and regulations to allow this paint company to come into town. And they did that. They changed all the ordinances. The interesting thing is, there's a difference between the zoning of the industrial complex up on Fortieth Street and our area of town. Basically both of them are heavy industry. So they changed all the rules up there, but they didn't change the rules down here. We're all sort of sitting in the bushes saying, "OK, let's see them do this." Sure enough, they changed it all. Then the paint company decided not to come here anyway. What we were able to say is, "Hey, what's good for the goose is good for the gander. If you're changing those up there, you better change them for us." We sort of had them over the barrel and they had to change them. From that point on, we didn't have to go through that process any

more. It was pretty interesting. I have to tell you one little story that was quite interesting. I can't remember exactly which piece of equipment we were putting in, but one of the big concerns was noise. We brought in a sound expert and he gets up in front of the Board of Appeals and he's explaining how noise works. He was explaining that if you have two punch presses and they're going together and you turn one of them off, there's not much noise difference. If you have one punch press, or two punch presses, or three punch presses, the noise doesn't multiply. It might go up a decibel or two, but it's not going to have that kind of effect. There were two ladies on the appeals board at that time. So we're taking a break and we're standing there and everybody's drinking coffee and the one lady says to the other, "I don't care what that sound expert says. All I know is if you have one crying baby in a bedroom and you put another crying baby in that bedroom it makes twice as much noise." We're walking back into the meeting room and Stuart says, "Well, so much for bringing in the sound experts." [laughter]

AH: They had their own experts.

BC: They had their own experts. Anyway, we were pretty relieved when that all was resolved. We haven't had much trouble. I think the Padnos' really believe in trying to be good neighbors. Let's face it, what we do aesthetically is not that great. They're always complaining about how terrible Pine Avenue looks, but if you drive down Pine Avenue, who's got the nicest looking... Stu with his sculptures and the grass and the trees. We keep saying to the city, "How about the rest of this?" If everybody else looked as good as we did, I think Pine Avenue would look pretty nice

if you drove into town.

AH: I think Pine Avenue is pretty interesting to drive down actually.

BC: Yes. They look at it and say it's like your picture window when tourists come into town because it's the main route in from the north. We're saying, "Well, you guys go ahead and fix up the rest of the street and we'll stay ahead of you." It's like right now, they're talking about doing this connection, this corridor from Seventh Street, hooking it to Eighth Street, the "western gateway" and all that sort of stuff. Our attitude is, don't worry about us, we'll be leading the pack when it comes to making sure everything looks nice. They are, they're committed to that kind of thing. It's like, if you look around, they try to keep stuff painted up. If you go look at other scrap yards, that's what we try to tell people. If you go look at other scrap yards and then you come here... People from around the world come to Holland, Michigan to look at the Holland scrap yard because it is unique in its aesthetic, its painting, the way the yard's laid out, the way that we keep everything separate. For example, steel mills, those people come in and look at it and they say, "Well, you've set a new standard for us to try and bring the rest of the scrap people up to." We have this little mission statement that says that we want to lead and exceed. Number one we want to lead our industry and we want to exceed our customers requirements. We do everything we can to do that.

AH: Have you had much growth internationally?

BC: Both Seymour and Bob Stein are very involved in the BIR, which is the Bureau International Recoup. Probably fifteen to twenty years ago we were doing a lot of

exporting by vessel out of here because you can hook up the seaway out of Lake Mac. During that period of time we were loading, on an average, I would guess we were doing between five and seven vessels a year. Peaking with, we did eleven ships one summer. What's happened, for example, right now, the Russians are basically cutting up anything that's not nailed down and making scrap out of it. We are actually importing scrap from other countries into the United States. The export of scrap, as we know it, has sort of died, except that we maintain the dock and given a different set of circumstances, we'd be right back into it. Now, Bob Stein, he's our non-ferrous - what we call red metals - expert. Him and Matt Heitmeier, they trade all over the world. What we call red metals, for most people that would mean copper. Copper is moved all over the world. We're a big trader in copper around the world. In fact, Matt and Bob Stein and Jeff Padnos were just in China this summer working on a deal where we'd be handling what they call export containers. They're big steel boxes, you might have seen them running up and down the highway. They have all these different names on them and they pick them up and put them on ships. It's a containerized system. Of course, we're importing all this stuff and we have all these steel boxes and they're all going back empty. That's what makes it possible to move scrap. If there's something in the box, the freight is pretty inexpensive because scrap is freight intense. The further you move it the more money it costs. That value of the scrap can be eaten up by the transportation costs. Anyway, they're talking about doing thirty-five containers a month into China. That would be a big deal. We do a lot of what's called brokerage businesses. We don't actually see that material, we buy

it from somebody, they put it in a container, we deliver it. We sort of handle all the paper work and the export papers and all that sort of stuff. As it relates to that we are clearly well-known in the international market. In fact, when we were doing all the shipping of these vessels, back fifteen or twenty years ago, we became one of the standards. There's always contracts written. When you're going to sell a boat load of scrap a contract has to be written. It was pretty interesting because all of a sudden, you'd start noticing on other people's contract it would say... Like our trade association has coding and grading systems, but they'd put down ISIS 201-202 and then in parenthesis they'd put down - Padnos quality. Everybody would be saying, "What's Padnos quality?" Each time a ship would come here the purchasing company in Europe or Indonesia or Japan or where ever, they sent an inspector here to inspect the material before it goes on the ship. Those inspectors would get to know what the quality of the Padnos scrap was and then as they moved around, that's the quality that they were expecting. That was another neat little thing that happened to us. That's all gone now, but at the time it was pretty interesting.

AH: I noticed when I was downstairs a flag that said P1?

BC: Yes. We have an internal auditing system. We were the first scrap dealer in the world to get Q1 from Ford Motor Company. Ford just for one reason or another, started their quality program way before anybody else did. Really, they drove the automobile industry into this quality program. It's called QS 9000 now. Ford really made it happen. At the time we were shipping a lot of material into the Ford Cleveland plant. When they came out with this Q1 program we said, "Well, we

better be the first in line." It really was designed for parts manufacturers. Like Donnelly Mirrors and Prince and those guys, they all make the finished products that go into the car. It was a very difficult procedure because everything was based on making widgets as opposed to making scrap. After probably eighteen months of going back and forth and back and forth, trying to figure out... I think they had twenty-one questions you had to answer. It was pretty detailed and you had to be able to prove what you said you were doing. Anyway, with the help of a couple of their quality engineers, we were able to get through that and get approved. I think that was a real feather in our cap, to be the first *ever* in the scrap industry to become Q1 certified. Of course, we were one of the first to get the QS 9000 rating too. In fact, even today, most of the scrap industry has what's called Iso 9000 certification and not QS 9000. The automobile industry has a much tougher standard than the international standard of Iso 9000. The problem is, it's suppose to get you all this extra business. If you do all these things, that means they need to purchase scrap from qualified vendors. For some reason, scrap just has to do with price. Basically the foundries in the automobile industry don't care much about what your certifications are. It's just whether or not you're selling at the cheapest price. That's been a struggle. Anyway, getting back to the P1, once we had the Q1 we decided that we ought to have our own internal auditing system because in many cases all they're doing is auditing one product that you sell to them. We decided that it made more sense for our whole plant to be P1. Anyway, there's a whole criteria that you have to meet. There's an inspection done by a group of people. They're pretty coveted little flags. If you

don't get the P1, you're sort of at the lower end of the level. And of course, each year we make the standard just a little bit harder to reach. Then the team or the group that has the highest score gets a bigger flag. We provide lunches and that sort of stuff for the people that get the P1. People are pretty excited about it.

AH: Can you describe the relationship between the management and the employees here?

BC: Sure. I think that overall, I would say that we have excellent relationship. For example, we just had our company picnic last week, a week ago Friday. The employees took up a collection and presented the Padnos' with this big plaque - I can show it to you. What it says on there, it says something about - in recognition of the Padnos family for all the good things that they do for us as employees. Then they had another individual plaque for each of the Padnos'. I would guess that there aren't many companies that have gotten that kind of thing from their employees. We ask a lot from our employees, but the Padnos' are fair and square. They provide all kinds of extras. Most people have no clue about this scholarship plan that they have. When you think about it, there's no limit to number of Padnos kids that can get a scholarship here.

AH: Can you describe that program?

BC: Actually it was interesting, it started with a refund check from our workman's comp insurance. This goes back...a long time ago, early '80's maybe, or even the later '70's. I can remember that Seymour and Stu and I went to lunch. Seymour's got this check, I think it was for twenty-six thousand dollars, was the refund because we had done so well with people not getting hurt and all that sort of stuff. He said, "This



money is not ours" - meaning Seymour, Stuart or the company. He said, "I think we ought to set up a scholarship program with this money." They went to Grand Valley. They figured, here's a public college that's within driving distance of the Holland area. If we set up a plan there that each student, regardless of income or whatever...I think the goal for sure was to make sure it was the hourly employees. Certainly none of the Padnos children ever took advantage of it. We started this program. When we started out it was one hundred percent of the Grand Valley tuition rates. Any student that got accepted to Grand Valley whose parents work at Padnos Iron and Metal Company would get their tuition paid. Over the years we've had to cut that back to three quarters because now, I think right now, for example, we have sixteen kids on scholarship. I think Jeff just said at the picnic that we've had over eighty kids who have been on the plan. What they're really saying is money should not be an obstacle. If you can stay at home and drive to and from college, you can do it. Of course, we've long since gone through the twenty-six thousand dollars and the family has just made a personal commitment to keep that going. It's pretty unique. You don't see a big thing in the paper about the Padnos scholarships. Anybody else in town, they give two scholarships away and they get the big spread in the paper. The Padnos' have never looked for that kind of publicity, they just go do it. It's like, when you talk about the relationship between the company and the employees, I hate to tell you how many funerals that Padnos' have paid for or loans that they've given people. Somebody gets into financial trouble, they meet with the bank and try to make some arrangement so the guy doesn't lose his house or his car or whatever .

We have an employee assistance program, totally and completely separate from the company. We have three committee members who meet if somebody has a need. If the committee decides that that person needs that money, it's not loaned or anything else. It's just, "OK, you missed two car payments or whatever. You don't have to pay the money back." It just says, "Hey we are a family." When we do an employee orientation I always do the Padnos culture part of it. I always tell them that the day I hired in Seymour said, "Well, you now are a part of our family." They believe they have this bigger family besides their family. They feel totally responsible to make sure that each of our families have a good livelihood here. Of course, the answer to that too is our profit-sharing plan. I wasn't here when they started the profit-sharing plan, but Seymour and Stuart would tell you that they got a lot of flack from other industry in town because the profit-sharing plan is about forty years old now. If you think back forty years, for a company to say, "Yes, we're going to share our profits with our employees." That was big time news back then. They have done extremely well with the contributions. I think one time a few years ago I read that companies that have profit-sharing plans, the average in the United States would be five percent of your gross income goes into it. The Padnos', I would guess over the forty years, would have averaged about twelve or thirteen percent. I'm telling you, we have people that retire - it's just amazing. They walk out of here with these huge checks. When you see them after retire, they tell you that's the difference between just getting by and... For example, these truck drivers, it's a riot. You'd think, they'd been driving these trucks for their whole life, that they'd be done driving, right? First

thing they do is go buy a motor home! [laughter] Then they're off trucking around the country having a good time. It's just a fantastic deal. The employees do not have to make any contribution. The big thing nowadays are these 401K plans. You put a buck in and the company puts in twenty-five cents or whatever. There's just absolutely no comparison. The company pays all the fees. Every dollar that we have in our plan is working one hundred percent for us. They are very proud of the fact that when their employees retire, they don't have to worry about how they're going to live. The standard of living is going to be the same or better. I can remember, this was still early on, way back when I was doing the personnel thing, we had this crane operator. We'd get these certificates every year that tell us how much is in our fund and all that sort of stuff. I'm going through the sheets and I look at this guy sheet and I say, "Holy mackerel, this guy made more money in profit-sharing than he did working here all year." I remember his coming back when I was handing him his little certificate. His name was Mel, and he said, "Yep. I was waiting for the day. Now I make more money with my investments than I do working here. That means that you're getting close to the end." We can tell you hundreds of stories of people who have been able to do all the things that they ever wanted to do within their retirement. We have one fella, he said, "I've never had to touch the principal. I've always been able to do everything I want on the interest that I make." I think that's pretty neat. It means that they just have a good life. We work hard here and the Padnos' are saying, "Hey, when you retire you ought to be able to have a good life." That's a pretty special thing, I think, that they've done for us.

AH: What do you think have been the biggest challenges or the biggest obstacles you've faced since you've been here?

BC: Probably almost all of it has to do with government regulations. I think the point that we make with all of that is that we are not arguing *ever* about what needs to get done, it's just trying to keep a level playing-ground. It's pretty interesting when the government passes regulations, they immediately go after the big companies first. In our case, we're considered to be a big company within the scrap industry. It's very difficult to compete with the very small scrap yards who don't have to meet all these regulations. That's been a real struggle. The Padnos' are committed to doing everything environmentally right. I would guess that if somebody could do a survey within our industry, you'd find that we are always way ahead of the industry as it relates to compliance with all the regulations. It's like I tell my people, everyday is a new day. Whatever we felt was good yesterday, has to get better today. We try to do that. Some of our neighbors are not happy with us. We try in every way to meet their demands. We have the historical district just south of here. They're a big headache. What we try to say to them is that we were here before you were. It's not that we're not going to try to fix the problems, but you have to realize that this is a heavy industrially zoned area. Yes, there's going to be noise. There's going to be activity. We'll do the best we can to keep it down. I've been up there at eleven o'clock at night, trying to listen to the noises that we're making, try to adjust. Those have all been disappointments, I guess. You wish that you could just be the best possible neighbor. We try to do that, I guess it's just a matter of who's making the

judgement as to who is being the best possible neighbor. I think we've been able to live with all the environmental requirements that have been placed on us over the years. Some of them are more difficult than others. Sometimes I think the regulators forget that if we weren't doing what we were doing here, what would you do with all this stuff? Start thinking about piling up all this stuff someplace, or putting it in landfills. Particularly I think we are seeing that with the young people who are now... The old-timers, that were in their fifties or sixties for the state, their attitude was - yes, we need to fix this kind of thing. As long as you are moving towards making improvements, that was good with them. The young people who are environmentally-conscious expect that things are going to change by tomorrow. They have no idea of the history or of the pain and agony that everybody went through to get where we are at. That continues to be a real problem. Government regulations and control take a lot of time. It gets pretty discouraging when every time they come here they beat everybody up and tell you how bad you are. You're thinking, "Hey everybody else in the world thinks we're doing pretty good and you guys come in here..." They're all twenty-five, within that age and they're saying "tomorrow." That's the difficult part of it. But you try to explain to people, they're only trying to protect the environment which we all have to live. It's just the speed in which it has to be done that creates the problem. They don't care whether you're making money or losing money either. Fix it now or... If it shuts the door of the company down, so be it. We're lucky, we're a very profitable company so that makes sense. Really some of the acquisitions that we've made were caused by some of those regulations

because the companies just couldn't meet those demands.

AH: Who are your biggest competitors?

BC: Basically it comes down to every Tom, Dick and Harry that's got a little pick-up truck who picks up scrap and can process it in some way, with a torch or a little alligator shearer. There are a lot of the foundries in west Michigan who will buy stuff from this little guy, forgetting of course, all of the regulations and safety that we provide. A good example are all these quality programs. They all want you in that quality program, except that they'll still buy from this little guy with a pick-up truck.

[end of side A]

[start of side B]

BC: Anyway, Omni-source is one of our biggest competitors. They're in Fort Wayne. They used to be regional like we are, but now they're national. They have signed up with steel mills to be the exclusive provider into that. There's them, there's big Ferrous Processing in Detroit with is a huge conglomerate. There's a couple of them in Chicago; Phillips and Metal Processing I believe are the other two. There's been a lot of consolidation within the scrap industry within the last three or four years. If you were buying their stock, you would have wished you hadn't. Scrap prices are very volatile and without the real entrepreneurial spirit, it's very hard to operate. You get that big and you're reporting to the stock holders. They want to see improvement every quarter. In the scrap industry that doesn't work. In many cases, I have friends in town who watch the pile of sheet iron by the shredder. They say, "You can tell how the scrap prices are because when the piles get real big we know

that the prices are real low. When all the scrap disappears we know the prices are high." That's always been one of the Padnos' theory is buy low, sell high. That's how you survive within the industry. It takes a lot of financing to be able to do that. The Padnos' have been able to do that. A lot of times, no matter how hard all the employees work, the profit gets made on the negotiation for the sale on the finished product. We're not like Donnelly Mirrors that says, "OK, we're gonna charge ten dollars to General Motors for this mirror." The way it works in the scrap industry is that General Motors is saying to us, they're going to pay us ten dollars a ton for this material, take it or leave it. Then we have to decide whether or not. So the prices, in many cases, are determined by somebody other than us. In some cases, the Padnos' have to say, "No, we're not selling anything this month." Another unique thing about this business is that the first of every month when we walk in the door we have no sales. There's no long-term contracts or anything. The first thing on Monday we walk in the door, we literally have nothing to do that day until one of the Padnos' sells something. Then we start working on trying to get the material ready and get it shipped.

AH: What's your opinion of the business climate in Holland?

BC: It's extremely good. I think that because Holland is such a unique place to live. It's finally caught on. It's really like Traverse City. I remember when I was going to college we had some really good friends who had a cherry orchard on the peninsula up there. Literally there was nothing in Traverse City, nothing. You go up there today and everybody's moving to Traverse City because it's a great place to live.

Today mobility is much easier. We use it. We tell people, "Hey, Holland is a great place to live." If you have a choice that you can live in Holland instead of Detroit or Chicago or someplace like that, you can get people to come here. I think that's part of that has made it successful. The Chamber has the HEDCOR. Stuart was right in on the beginning of HEDCOR. He might have even been President of the Chamber when HEDCOR was started. I think they have done an excellent job of recruiting industry to come into town. I think probably the most important thing about industry in Holland is that it is very broad-based. There isn't one industry that can take the city down. If you think about all the huge companies that have come and gone, like GE. When I came here GE was almost Holland. It was one of those cases where I think we got pretty close to letting one company sort of be in charge of our town. Actually, I think when the Furnace Company was around I think it was true. Everything that I've heard is basically whatever happened in Holland, it was pretty much controlled by the Furnace Company. But they did a lot of good too. You take that all in. We have a very good environment here. We have a very good work ethic here though too. We can see that as you make acquisitions and you go to different communities. You can certainly see that the work ethic that the Dutch immigrants brought with them to this area has been very important. I think the fact that most of the companies in our community are non-Union - it's just another good reason to do business here. Think of all the companies that have grown up here. I think that this caring part, I think Max DePree gets a lot of credit for the caring part. But really, it's just a part of the whole community. We were lucky enough to be in a community



where the owners of the companies had a concern for the people that worked for them. It was interesting, one time we were talking about that. I used to be in the Jaycees. We were talking about it. I think part of what makes that happen is that when a company is very successful and the owners have everything that they need, then they look to their employees and say, "What can I do to help them?" If you look around town, it's like that standard keeps moving up all the time. I think that a lot of what Ed Prince and his group did was pretty amazing, what they were able to accomplish. A lot of it was with just with a lot of enthusiasm. I was just telling Stuart the other day, one way or another I got invited to an outside speaker that Prince was having. They never argued about how much money these guys cost. They'd bring in the best of who ever it was. They'd get all their managers and supervisors in. You couldn't help but go back out to work enthusiastic after listening to this guy for a few hours. I think that says something about this whole thing about where we're going and what makes people excited about what they're doing. I think our whole community has been able to do that. We certainly had our individual squabbles about West Ottawa High School and Holland High. We could be better if we were all working as one community. I think it's pretty interesting the way it has sort of worked out.

AH: What are you expecting for the future here at Padnos?

BC: Well, I think the future is very bright. I think right now all of the industry in Holland is struggling with being able to find enough good people to operate. I think we're losing a little bit of that work ethic that I mentioned earlier. I think that particularly

my generation, I think that the baby-boomers who are just behind us, we have done a dis-service to our kids. We all wanted them to have it better than we had it. When I was growing up I can remember my dad getting laid-off, struggling to be able to do this, or do that. No, we couldn't go to the show. They were character building things that happened. Our children don't know that. When I watch the younger generation of people coming on line, you don't see that kind of commitment. You hear all about mobility - work here three years, work there five years. What has made a lot of companies successful is their relationship to the people. I don't see that happening. Unless we work on it. In our case we've been working on this, we call it Gung-ho. It's a program to try and convince people that first of all, we have worthwhile work here and that our work is important. Secondly, you control your work environment. You have certain rights. If we can meet the goals of the company than we believe we can meet those rights. Thirdly, that we need to cheer each other on. We're sort of this family. I think the family thing that we've talked about throughout this whole interview is becoming more important because if you get people to believe that we truly are a family here, it's very difficult to leave your family. You might go away for awhile. You might get done with college and check out, see what the rest of the world's like. It's pretty interesting, over the years that we've lived in Holland, you see all these young people leave and then a few years later they all come back. That's part of the family thing, I think. We are working very hard to make sure that the people who work here believe that they're a part of the family. If we can do that, I think we can be successful and the people who work

here can be successful. But it can be very difficult too. Certainly, the scrap industry has a very vital role to play in our economy. For years and years and years, they would say, "Michigan goes as the automobile industries go." That's very true. I think it's true today. I don't know if it is necessarily as true as it was ten or fifteen years ago. I think if we get a hiccup in the automobile industry, I think it will be more serious than most people think it is in Michigan. When you think about it, it's pretty interesting. Here the state of Michigan basically relies on a bunch of these automobiles running around and you think, "Well, how important is this automobile?" Yet somehow along the way we are all convinced that we have to have that car so that we can be free to move around at our own convenience and we don't need public transportation - other than an airplane to get us a lot farther than we want to drive. We see that. We see a lot of changes going on in the automobile industry, not necessarily all for the good. That comes back to that whole discussion on what the stockholders of a company believe and what Wall Street thinks that they need to do. Those are concerns that will have to be addressed at some point down the road where we need to get away from this short-term gratification. I think I see that a lot in our employees. They're only interested what you can do for them today. We talk about how great our profit-sharing plan is, but we have a cash option, where at the end of the year they can take part of it in cash if they want to. These guys line up to take that cash, no matter what you try to explain to them. You're giving away your retirement here. All they're worried about is whether or not they can have this boat that they need today. They don't even ask about how much it is, they just want to

know what the payment is. It's like I was telling you about this employee assistance program we have. We'll have somebody who gets into trouble and we help them out the first time, maybe we'll help them out the second time. You get to the third time and you say, "Hey wait a minute. You are living outside your means." Then we try to set them up with credit counseling, try to get it all figured out. They can't live with that. They go to credit counseling and that guy says, "You need to sell that boat because you can't afford it." They don't want to do that. We have that whole generation of things that we need to try to figure out. There are certainly people who are clones of our generation, or whatever you want to call them. When you see one of them you're pretty happy. [laughter] I suppose our parents felt the same way about us, I'm not sure. We certainly didn't do a lot of the stuff that these young people are doing today. But we survived and they'll survive and industry will adjust.

AH: OK, well that's all I have. Thank you very much.

BC: You're welcome.