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Hipiloto, Davis Oral History Interview: Business and Industry in Holland

Anna Holt

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Interview with Davis Hipolito

Interviewed by Anna Holt

1999

AH: This is Tuesday, August 10, an interview between Davis Hipolito and Anna Holt.

First I'd like to ask a little personal history. When and where you were born, when you came to Holland, stuff like that.

DH: I was born in Lamesa, Texas. I came to Holland back in '69. I started working for Padnos back in '73.

AH: What was the first position that you held here?

DH: I worked in the metal department on the dock loading and unloading. I progressed to crane operator. At present time I'm a crane operator and bailer operator. It's mostly heavy equipment.

AH: You started in what year?

DH: December of '73.

AH: You started when Padnos was pretty small then?

DH: Yes, we only had this particular yard. Now we've branched out. I believe that we have three to five yards in Grand Rapids. We have a couple of yards in Muskegon. We have Ludington, Cadillac. We're branching out.

AH: Yes. And this site also has grown quite a bit, hasn't it?

DH: Oh yes. For example, this side of Pine was nothing when I first came by. Back in those times we had a shredder with a road right down the middle and mostly swamp,

if you got off the road too much.

AH: So about the time you started was when the automobile shredder came?

DH: Shortly after.

AH: Do you think after that was when you experienced the most growth?

DH: Oh yes. As you can see the company itself, it's an ongoing program to expand, beautify and get as much use out of this particular side of the road as possible. For example, we had a channel that used to run from Lake Mac all the way up to almost River, at one given time. You couldn't walk on this side of the road because it was mostly marsh. It wasn't a designated wet area at the time, so therefore you could do improvements to it. That's been an ongoing concern of the family. We've had a lot of negative publicity from the city because people say it's an eyesore. They look at it as junk. If you talk to anybody, this is not a recycling yard, it's a junk yard. We have to ask ourselves, preparing ourselves for the future, how much can we recycle? Will we eventually run out of raw materials? Or is there an endless supply? Which there's not. Sooner or later a given quantity exhausts itself. Then what do you do to replace it? The family, which is the Padnos' family, has chosen to recycle as a means or renewing our source of energy of given equipment that we use everyday. That means automobiles, plastic products, everything, must be recycled. One of the expansions that they've gotten into is like, glass recycling, paper recycling. That was not the main source when I started. When I started it was mostly metal. Now they've branched off. They look at it as securing their position for the future. If metal ceases to be a main source for us, we're still in the plastic and in the glass and

the cardboard. Therefore, you diversify and you don't sit and put all your eggs in one basket.

AH: Are the cardboard and paper and plastic all done at different sites then?

DH: Pick-up is at every site, but the main center is going to be in Grandville. In fact, they just opened a new insulation the first of July, I believe. That right there is strictly cardboard, paper recycling. Everything we have is like a spider, with tentacles, and it goes to the main.

AH: Can you tell me a little about the problems you had with the city?

DH: The city has complained about air pollution, noise pollution. There's been some individuals that go down the street and call this place an eyesore. My answer to them is, everybody wants it but doesn't want it in their own backyard. They don't go and ask, "How did this start? What improvements have they made?" The company itself has invested several millions of dollars into this part of the street. You can use it now. Before, you couldn't. There's been a steady progression of improvements. You can put it in the terms that everybody wants to ride in a Cadillac, BMW, Mercedes. Well, sometimes you have to start with a Chevrolet. That's what the family has done. I think we've progressed where we're at a Cadillac, but we still need to get to the Lexus. I don't think we're second to none, in the industry, and second to none to anyone in the city of Holland for the improvements that we've done and for the expenditures that we've had over a given period of time. I think at any given time if you would ask, every year, something is done to try to improve, to try to have better relations with the city. All they have to do is call us. If there's a

problem, we have people twenty-four hours a day, seven days a week that will address the issue brought before it. It's not like we're saying, "Well, to heck with them." All they have to do is say, "Hey, you know what? We believe there's a problem." We have staff here that addresses those particular issues.

AH: As Bill Clay and I were just discussing, for a scrap yard, it's got to be one of the most aesthetically pleasing that there is. You drive down Pine Avenue and you've got Stuart's sculptures and stuff.

DH: That's what I'm saying. People have to be dedicated to what they believe in. I think the vast majority of people are not educated to the system and this particular company strives to achieve it. Stuart is always thinking of ideas to beautify. It's a public relations. You have to make people understand exactly what you're trying to achieve. At the same time, hey if there's a problem... At one time, people did complain, running up and down Pine, that it was an eyesore. Let's get some trees up there. Let's get some lawn up there. Let's get some sculptures. It's an ongoing process. Like I say, the company is willing to reach out. We never close our doors or anything like that. Of course, you have to limit yourself to your resources. Like I said, everybody would like a Lexus.

AH: Can you tell me a little about the Padnos family?

DH: The Padnos family are immigrants, as most of the Europeans are. They started with a simple idea. They expanded it and made it into a family idea. They expanded that with every generation as the family has enlarged itself. They're quite generous with their endowments. They stride education. In fact, I believe when it comes to

education they are second to none. If you're willing to put the time and effort into it... We have a scholarship program here that will take someone from high school all the way to a masters. They don't limit anybody as far as progression. It's a family run business. I'm pretty sure that anybody in the family or related to the Padnos', blood, marriage, whatever, would be perfectly welcome into the family as the operations grow. They're open to ideas. If we have a complaint, we usually go through Bill Clay, but if for some reason we feel that the issue is not addressed, like Jeff and Mitch, our vice president and president - their doors are always open. We have their extension. All we have to do is pick up the phone and call them. Say, "There's an issue. Let's address it." Everybody thinks that there's something wrong at one given time. At least you feel like, I've voiced my opinion, whether they listen to you or not. Sometimes you have that - did they? I believe that they listen to you. There's communications backwards and forwards. They stride to implement any ideas that they feel will enhance. In essence, we have a continuous improvement program that does pay, from twenty dollars to several thousand dollars, depending on how good your idea is and how you can save the company and be more productive. If you can show that and they can implement it, you're rewarded for it.

AH: That seems like such a good idea. Being out there in a yard you see the things that need to be changed or that can be improved better than someone sitting in an office can say, "We should change this."

DH: For instance, you can always use a pick and a shovel, but it's a lot easier if you have a loader. Sometimes it's cheaper - pick and a shovel. You have to be able to balance

both of them out.

AH: Can you describe a little bit about the growth, the acquisitions that have been made or the growth internationally?

DH: Well, Padnos started with really more like a cart, horse and buggy type situation. And it's grown, expanded throughout the state of Michigan. It has had dealings on a worldwide scenario. With every growth, there's pain, but it's adjusted quite well to it. It's been very competitive. That's the name of the game - growth, but controlled growth. As it gets bigger, I believe that the control is still there. That's one of the pitfalls of any company that grows. Does it have controlled growth, or does it just grow and at the end, you're done? Padnos has been around almost a hundred years. The growth has been controlled. We're up there.

AH: Can you tell me who your biggest competitors are?

DH: Your biggest competitor is anybody that's in business, whether it be in cardboard, plastics, metal. If you look in Chicago you have your steel mills. Everybody wants to supply them. Whether it's a small volume or a large volume, they're all your competitors. There's somebody out there always looking for a way to do something cheaper and be more productive, more cost-efficient. Whether the guy has a little truck, he's your competitor because this company started with a little idea. Everybody out there has a little idea. You have to always be aware of that. In the back of your mind, you have to always keep it, this is the way we started. This guy five, ten, fifteen years from now, will he be our major competitor? What I mean by major competitor, is somebody that can come and buy you out? Or come and give

you competition to the point where you exhaust your resources? Therefore, you always have to have an open mind. If you really look at it, everybody is your competitor, whether he's small or large. We've gotten to the point where we have taken over some of our competitors. We were diversified enough to be able to pressure them, not by beating them over the head, but by giving better service to our customers, having the resources to supply their demand, and to look forward. If you don't look forward, there is no future. This is, like any business, a cut-throat business. If you can't supply it, somebody else will.

AH: What do you think the biggest triumphs have been since you've been here? Or the biggest innovations?

DH: Well, we have a briquetter, this particular machine back here in the back. It gets ground powdered shavings. They're compressed, made into a solid, which is easier to burn and be reused. Shavings, if you put them in a fire, usually just evaporate. A briquette, which is what the particular product is called, can be put in a fire and it melts without having too much lose. I believe there is only three or four in the western hemisphere that do that particular product. It's something that has to be recycled. You have to have a process for it. We do. The car shredder, at one time when we started, didn't have a cyclone system on it. The cyclone system takes the dirt and non-ferrous by-products from the car. Before you had a lot of dust in the air. That's pollution. We've gotten on top of that. We're more selective on what goes through the machine. We've educated ourselves as to what is considered contaminant, what isn't considered contaminant. We segregate everything. People would call that

quality control. As we advance, the quality control falls into different portions. Every machine here has some type of quality control that it has to measure up to. That means the tires, we should be able to recycle them. We're not into that at this time. There is a process where you can recycle used tires. There's better methods of fixing them. Twenty years ago, you got a hole an inch wide, you had to throw the tire away. Now there's a process, it's repairable. If you look at every department, we do have quality standards. These are also set on a nation-wide level. They're calling it Q 9000, which is a standard which every recycling yard is going to have to measure up to. That way, if you have "A" from one scrap yard, it is equal to value, density and everything, to "A" in that yard. So we have a uniform system all the way across. Our suppliers know what grade they're getting. They're working on that right now. It's an on-going process. Six months from now, what you've learned is obsolete. You try to stay with the basics, but you also have to be aware of the changing situation around you.

AH: Can you tell me about the hardships, or the biggest challenges?

DH: The biggest challenges here, and it's only because of where we live, is the weather. I look at it that the EPA is always going to be there. I don't know of some people think it's big brother. I look at it like, somebody has to be in charge of monitoring every business climate. Therefore, they set their rules and regulations and we have to try to meet them. Other than just being more efficient in what we do and finding methods of that, that is about the only hardships that we really have. Of course, like they say, you only limit yourself to what you can dream. As long as there's a dream

there is always a solution.

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

DH: I wish you hadn't asked me that. I look at it for the company itself, it's an excellent business climate. As long as we continue to stride with improvements and work with the city council, I see no problems. I see though, that in every city, there's a polarization among the people itself. I would say if there is any problem within the city itself, it's that people are being polarized. There's a division there that sooner or later, you're going to have to deal with. When you have that given situation, that affects every company in the city because of the tensions. Until they really address that issue, I look at it like a boil. Is it a small boil? A large boil? There's people that can put up with boils. I don't like boils. They tend to fester. That is the only pitfall.

AH: What kind of division is this that you see?

DH: I look at it as racial. There's been too many stereotypes for given segments of society, which is not healthy. I also look at it that the majority people that have closed their eye to it need only to go to church on Sunday to see the division. If you have a jail, then there is no division, but if you have a segregation, then there is a division. We have to learn that we have to work together. We're in it for the long haul. Or at least I feel this company is in it for the long haul. Therefore, that is something that's underlying. Maybe there's nothing to it. I believe that there is something to it.

AH: Do you believe these issues affect this business?

DH: Yes, I do because those issues are perceived by some people as "over there." Well, it's not "over there," it's right here. There's some people that perceive it as, you take this segment of society, it's ok for them to do this work. It's not ok for this segment to do it. I look at it as they're segregating us as workers and as a company because they feel that this is beneath them. We have a solution to everybody's problem. We have a format that meets everybody. This company is an excellent example of that. Maybe that's why we get so much hostility from the city council sometimes. It's something like that, in my opinion.

AH: Much is said about the work ethic in Holland, do you think that's had a lot to do with the success of Padnos?

DH: Yes. As I've stated before, they don't restrict you. The only limits are the limits that you set on yourself. Like I said, they have an open door policy. You can talk to any individual. If I want to talk to Stuart, if I want to talk to Seymour, they have extension. All I have to do is call. If they're busy, they'll take your number and they'll call you back. I can talk to Jeff. I can talk to Mitch. That's the leadership. I can always talk to Bill Clay, if I can find him. As we steadily get bigger, we know that we have a nucleus that we can always touch. That's nine-tenths of the battle right there. I feel that any employee here has that opportunity, whether he drives a truck, he works in the office or he runs out there with a shovel in his hand. They all have that opportunity to come and talk to the people in charge. There's no barrier there. That doesn't mean that they agree with you. Obviously, there's room there for growth. As long as you have that room, there shouldn't ever be a conflict.

AH: Where do you think the company is going to head in the future?

DH: I think the company has set itself for the future no matter what path the nation takes.

What I mean by that, if we stay with steel, we know the technology. We're trying to be as efficient as we can. There's several different areas that were in. I think we're at the top of each area. Whatever the nation chooses to do, we'll be at the format.

With that, there's always room for expansion. That means that whatever comes across, we're ready for. We have the manpower. We have the resources and we have the technology here to address those issues. It doesn't matter which way it swings. Of course, now if we have a war, then it'll be all over. [laughter]

AH: You mentioned the tire recycling. Do you think that's an area you'll eventually get into?

DH: Yes. I believe that the state and federal government has not done enough to promote this. You're always hearing in that paper. Over here we have I don't know how many acres of tires that nobody's doing anything with. There's been programs suggested where tires can be re-shredded, added to the asphalt and added to the highways. If nothing else, they can use it for that. They can use it for energy. Tires burn. They can be melted down. It's got petroleum in it. We have the systems that can recover this. In every new field, it's very costly right now. This is a situation - what are we going to do with? I mean, it looks to me like the industry sooner or later... let's say automobiles, will come to the point that says, "We have to make a car that's one hundred percent recyclable." We do that, we take the car off the street, put it here, recycle it completely and there's no leftovers. You have a little residue,

but even with the residue hopefully we'll have the technology by then that we can even use the residue. Theoretically, there's no reason why we can't have a product that's one hundred percent recyclable. And when you have a product that is one hundred percent recyclable, it takes less energy to make a new product. We don't pollute the environment. You have a given situation where everything is accountable. That's where, hopefully, we are striding for.

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

DH: It's been a pleasure.