

US EPA ARCHIVE DOCUMENT



MarketShare: Tips and Advice from The Jobs Through Recycling Experience



TOPIC AREAS

Developing a Sustainable Program 1
Building Infrastructure and Networks 5
Outreach 11
Business Assistance 15
Financing 19
Measurement 25
Sustainable Funding Options 29
Putting It All Together 33
MarketShare Contributors 35

EPA would like to thank the following individuals for providing photographs for this publication:

G. Ted Baldwin, Bethlehem Steel Corporation; Dobbin Callahan, Collins & Aikman Floorcoverings; Ted Campbell, South Carolina Department of Commerce; Rebecca Davio, Texas Department of Transportation; Todd Ellis, New Hampshire Governor's Recycling Program; Matt Ewanger, North Carolina Recycling Business Assistance Center; Kent Foerster, Kansas Department of Health and Environment; Brenda Grober, New York State Department of Economic Development; Lee Guthrie, eel Productions; Mitra Khazai, Arizona Department of Commerce; Pat Langan, Nebraska Department of Economic Development; Carol Novak, ENVIPCO; Michael Owens, Clean Hawaii Center; Rachele Shendow, Trex.

MARKETSHARE:

TIPS AND ADVICE FROM THE JOBS THROUGH RECYCLING EXPERIENCE

Recycling market development is a dynamic and evolving field. Every day, state and local officials try new ideas to spur investment in recycling and expand markets for collected recyclables. At the same time, these officials also have to consider the future and sustainability of their own market development programs. To capture tips and strategies for developing sustainable and effective programs, this booklet documents the lessons learned by organizations that received grants through the U.S. Environmental Protection Agency's (EPA's) Jobs Through Recycling (JTR) program.

JOBS THROUGH RECYCLING

Through the JTR program, EPA offers grants to states, tribes, and multistate organizations to promote recycling market development across the country. The projects, designed to enhance business development, technical assistance, and financing efforts for recycling-related industries, include establishing recycling business advocates and assistance centers, conducting demonstration projects, and holding investment forums.



DEVELOPING
A SUSTAINABLE
PROGRAM

Many JTR grantees have learned that getting off on the right foot is critical. When a market development program is being set up, it is important to anticipate how the program will grow and evolve. This helps lay the groundwork for a program that is both effective and sustainable over the long term. Below are some ideas from existing grantees for those just getting started:

Start with a sound and realistic strategic plan.

As part of its initial planning efforts, the **New York** grantee set specific milestones and benchmarks and determined how to measure success. A professional organizational development firm was hired to help craft a mission statement, set the program's priorities, and identify six commodities on which to focus.

Establish an advisory committee.

An advisory committee can help grantees secure important contacts, leverage resources, and stay clued in to changes and opportunities in the marketplace. In **New Hampshire**, for example, a legislatively appointed steering committee supports the JTR grantee. The committee includes representatives from the state departments of transportation and administrative services, the governor's recycling program, a senator's office, a municipal recycling association, and a private waste hauler. This diverse group meets every other month to provide guidance as the program evolves.

Get the word out that the program is up and running.

During the first few months, consider making outreach a priority. In **Minnesota**, a fact sheet was distributed about the program and its services to contacts listed in a state directory of businesses and to recycling officials. The grantee found this to be an efficient and cost-effective way to raise awareness and increase name recognition among companies and potential partners. The grantee in **Colorado** invited the press and had high-profile leaders—including the EPA Regional Administrator, business leaders, and the director of the state's Office of Energy Conservation—speak during its project kickoff meeting. The event was held at a high-technology paper processing firm to demonstrate the sophistication of recycling businesses. The resulting newspaper articles and other press coverage brought dozens of calls from recycling business entrepreneurs requesting assistance.



Learn about economic development if it is new to you.

This effort might involve learning financing mechanisms or discovering where assistance is available for evaluating business plans. The **Northeast Recycling Council (NERC)** recommends signing up for an economic development training course; courses are currently offered through the National Development Council, Dunn and Bradstreet, TRW, and Robert Morris Associates, among others. Conversely, learn about recycling if your specialty is economic development. **Self-Help**, a nonprofit community development bank in **North Carolina**, developed a briefing packet to help train financiers on the recycling industry.

Assess the waste stream.

An assessment of a state or region's waste stream might help identify what materials are available locally. **Arizona**, for example, had little or no information about recycling markets until its *Arizona Recycled Market Development Study* was completed in 1996. The study, funded by a JTR grant, produced a recycling market directory, economic impact study, and recycling market prospectus. As another example, the **North Carolina** grantee recognized that construction is a major industry in the state. As a result, staff worked with a company that was processing gypsum wallboard to manufacture new products such as industrial spill absorbents and cat litter, and hosted a series of construction and demolition (C&D) recycling roundtables across the state.

Target priority materials.

Materials that comprise a major portion of the waste stream, add significant recycling capacity and economic value, and can be successfully collected offer the best chances for success. In **Minnesota**, the Recycling Business Assistance Center (RBAC) developed a very defined scope of work at first and targeted wood, plastics, and composites. Once established, the grantee expanded its focus to include other materials such as postindustrial wastes.

Commodity Targeting and Strategic Planning

The **Clean Washington Center (CWC)** uses a step-by-step approach to commodity targeting and strategic planning:

1. **Opportunity assessment.** Thoroughly assess the opportunities for different materials. This should account for trends in the industry.
2. **Stakeholder development.** Build industry advocates and “make a broad circle” by involving a lot of stakeholders. In a

Colorado demonstration project, for example, CWC brought stakeholders together to discuss the opportunities for pelletizing plastic. The group decided that doing so would have no net impact on the markets so it abandoned the project before significant time and resources were wasted.

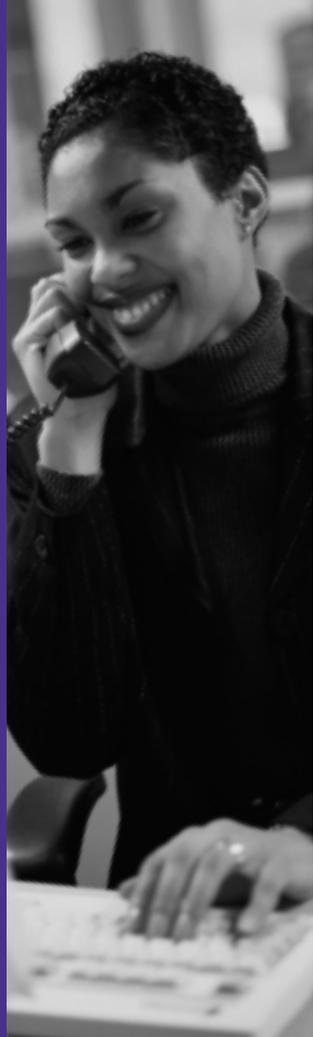
3. **Prioritization.** Carefully prioritize which products to focus on. Develop both short- and long-term strategies. A lot will depend upon available resources.
4. **Pilot projects.** In real life, projects never work like they do “on paper.” Conduct a pilot project first to test out new ideas.
5. **Process.** Have a process in place that can be revisited and refined. Make the critical links throughout the recycling chain from generators to end markets.

JTR PROFILES

LEARNING THE RIGHT VOCABULARY

JTR grantees in **North Carolina**, **Nebraska**, and **Arizona** advocate learning the right “language” to talk with economic developers—using terms such as “entrepreneurs,” not “recyclers.” Economic development officials view the recycling industry as they do other industries—in terms of jobs, productivity, and balance sheets—not in terms of landfill space savings or tons diverted.

To learn the right language, the **North Carolina** RBAC notes its staff mainly learned “on the job” by talking and networking with people. The grantee also held a series of workshops for economic development officials on recycling market development, which helped RBAC staff become more familiar with the views and perspectives of the economic development community.





BUILDING
INFRASTRUCTURE
AND NETWORKS

JTR grantees are maximizing their resources by joining forces with those who have similar programs or goals. Many have found these contacts important for sustainable funding as well as for providing technical and financial assistance to clients. A wide network of partners helps attract potential clients, garner resources, and enhance credibility in the eyes of funders.

Tips and strategies to build a strong infrastructure and network include:

Consider joint implementation of projects.

The **Arizona** grantee brought members of the Arizona Department of Commerce (DOC) and Department of Environmental Quality (DEQ) together at the outset of the grant, forging a new partnership. Over the life of the grant, DEQ focused on collecting recycling market data and information, while DOC used its networks to communicate this information to recycling businesses. DOC worked through its regional contacts as well as local economic development agencies such as the Greater Flagstaff Economic Council.

Learn the terrain.

According to the **Oregon** grantee, knowing to whom to refer companies is often the most efficient approach to providing assistance. When assisting a business in siting a facility, for example, he did not learn where all of the vacant buildings were in the state, but rather who had access to this information. In addition, the demand for one-on-one business assistance in Oregon was higher than originally anticipated. In fact, businesses began asking for assistance the first week of the project. As a result, the grantee served as the primary link to other service providers in the state. The **Delaware** Recycling Economic Development Advocate (REDA) put together focus groups consisting of recycling industry and economic development professionals to learn about their jobs and current issues.



KEY JTR

Grantees work with local and state governments, advocacy groups, and business development groups, among others. Below is a list of possible project partners:

- **State commerce and economic development agencies.** The **New Hampshire** grantee advocates learning “who’s who” within the state economic development agency and identifying individuals to involve. In particular, it is key that the agency’s upper management fully understands the contribution of recycling businesses to state economic development. Learning about available resources—both within and outside of the agency—also is important. The **Ohio** grantee, for example, examined the resources available and found the Ohio Department of Development helps administer at least two recycling-related grant and loan funds. **North Carolina’s** Department of Commerce provided many agency resources to the grantee such as air and ground transportation to tour facilities and sites across the state.
- **Legislators.** Since legislative decisions can often determine financial resources for state programs, finding a champion in the state legislature can go a long way toward achieving sustainable program funding. The **Minnesota** RBAC notifies legislators of projects in its districts and invites them to media events and facility tours. **South Carolina’s** Department of Commerce suggests sharing successful recycling market development programs, in state or out, with legislators. When dealing with legislators, ensure they are aware of the benefits of such programs including efficiencies, jobs, and capital formation.
- **Other state agencies.** Both the **Minnesota** and **North Carolina** RBACs successfully partnered with their state departments of transportation to find markets for asphalt shingle waste. The **South Carolina** grantee worked with the state energy office, among other partners, when conducting its investment forums. Another option is to partner with state departments of agriculture for compost-related projects.
- **Local businesses.** Local industry can be an ally of the program, according to the **South Carolina** grantee, if they perceive it to be beneficial to them. For this reason, the grantee recommends helping local industry with waste management and recycling issues and publicizing the results.

PARTNERS

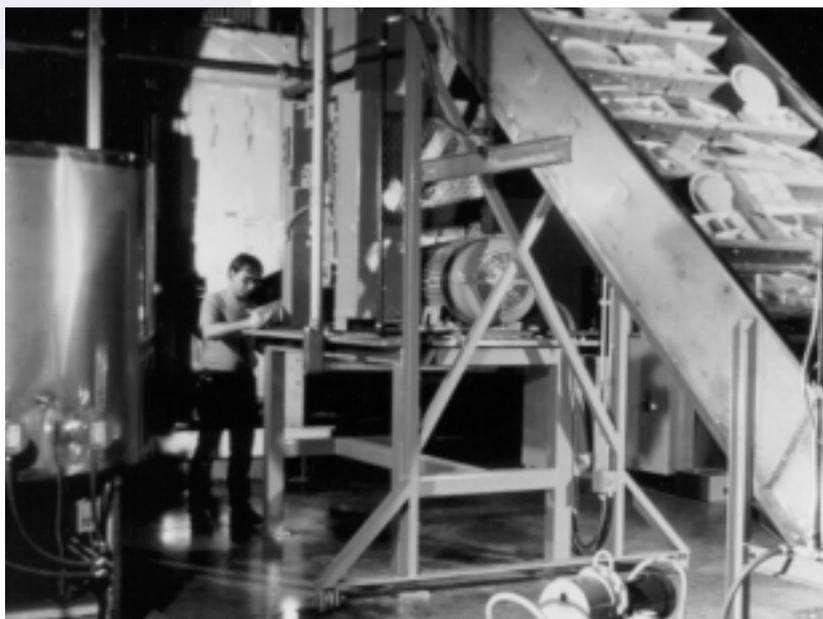
- **Nonprofits and trade associations.** These groups have a wealth of technical and commodity knowledge. The **California** RBAC works closely with the Community Environmental Council, a nonprofit organization involved in environmental education, research, and technical assistance. Many grantees work with their state recycling organizations (SROs) as well. National trade associations, such as the American Plastics Council (APC), also have played a role in JTR projects. APC assisted the **Vermont** grantee with improving the efficiency of agricultural film plastics collection.
- **Local agencies.** In **Maryland**, local solid waste management programs helped the grantee link to residential sources of supply for recyclable materials. Other options include small business development centers (SBDCs), recycling market development zone administrators, and local chambers of commerce.
- **Universities.** Hiring a graduate student instead of an outside contractor can save significant resources. The **Rhode Island** grantee, for example, teamed up with the University of Rhode Island (URI) to research a new electronics disassembly center. The arrangement also allowed the state to work with URI's engineering department, a national leader in design for the environment issues. University extension services can offer assistance, as well. The University of Vermont Extension Service worked with the **Vermont** grantee to develop a cost-effective plastics recycling program. These services often provide onsite visits, group workshops, and publications.
Environmental Careers Organization <www.eco.org> and **AmeriCorps** <www.cns.gov> volunteers also can be helpful in leveraging assistance.
- **Other partners.** Investors sat on the selection and steering committees of the investment forums conducted by **NERC**. In planning the investment forums, these partners helped improve NERC's understanding of what investors need and expect from businesses. Trade associations provided funding and assisted in finding businesses to participate. Also, 15 investor networks helped to distribute brochures and promote the investment forums.

Increase your involvement.

Joining boards of SROs and other groups helps build a contact base and strengthens relationships. The **Iowa** grantee, for example, is a board member of the Iowa Recycling Association. She credits that participation with learning recycling information and data and reaching recycling businesses. Also, become familiar with the agendas of community development corporations. When attending trade shows, make it a point to meet more people and ask lots of questions.

Avoid or minimize turf issues through a memorandum of understanding.

Memorandums of understanding (MOUs) can help define the roles of different organizations and clarify who's doing what. The **North Carolina** RBAC, for example, developed an MOU with the state department of commerce at the outset of the grant to clarify how the two would work together to meet their overall goals. Subsequently, the RBAC has entered into a similar MOU with the North Carolina Small Business and Technology Development Center. This strategy helped the RBAC lay the groundwork for collaboration.



JTR PROFILES

NETWORK, NETWORK, NETWORK

In **Delaware**, networking with others in the state is key to the grantee's success. Every call to a business or partner serves as an opportunity to strengthen the program's network. At the start of the JTR grant, the **Delaware** REDA was the only state contact for waste management and recycling issues. The REDA worked

hard to meet and network with as many state groups as possible and eventually built a base of program partners ranging from state agencies to university extension services and trade organizations.

The REDA joined forces with its partners to achieve and document impressive results—generating more than \$10 million in capital investment in the state and creating 150 jobs. As a result of the grantee's networking efforts, the governor now champions the program. In addition, the position receives state funding and is institutionalized within the Delaware Economic Development Office.



A grayscale photograph showing a person's hand sorting through a large pile of crushed aluminum cans. The cans are densely packed and appear to be in various stages of being recycled. The hand is positioned in the lower-left quadrant, reaching into the pile. The word "OUTREACH" is overlaid in a purple, serif font in the center of the image.

OUTREACH

A targeted outreach campaign is critical to the success of any market development effort. Staff of the **California** RBAC, for example, attended 241 conferences and workshops—in the course of the JTR grant—to promote its services to the recycling and economic development communities. Be sure to identify partners, such as state public information staff or others in the economic development community, to help get the word out. Below are some other outreach ideas that have worked for JTR grantees:

Develop an outreach strategy.

Identify the target audiences and how best to reach them. Options include outreach materials (e.g., brochures, newsletters, market directories, job and business studies), presentations (e.g., seminars, conferences, legislative sessions, special commissions), and the general media (e.g., newspaper, journals, TV, radio). Other options range from incorporating information into an existing state Web site to sending e-mails or posting list server messages. The **North Carolina** RBAC even launched its own Web site at <www.p2pays.org/rbac>.

PICK AN APPROACH THAT WORKS BEST FOR YOU

Recognizing there is no one “best” approach to conducting outreach to prospective businesses, the **California**, **Maryland**, and **North Carolina** grantees recommend a variety of approaches:

- **Be resourceful to get clients in the door.** Try marketing program services through business organizations, attending business meetings, making phone calls, and being listed in resource guides.
- **Work one-on-one with companies.** Many JTR grantees handle 100 calls per month on average. The calls can be time-consuming but this direct interaction is essential to helping some companies move forward.
- **Market development is small business development.** Since the bulk of the work done by JTR grantees is with small- and medium-sized companies, knowing what resources are available to small businesses—grants and loans, business counseling, technical support—is key to providing clients the assistance they need. Generally, large corporations have little need for assistance with business development or financing sources.
- **Collect market data.** To recruit new businesses, assess commodity tonnage within the state. Without information on available feedstock, prospects cannot assess opportunities in the marketplace. Prospective businesses are more likely to invest in opportunities within a state that maintains accurate information. Advise companies to look into niche markets that provide high-profit margins.

JTR PROFILES

INTEGRATED APPROACH SPURS RESULTS

The **Minnesota** Office of Environmental Assistance received a 1994 JTR grant to create an RBAC and expand the use of recycled feedstock in the state. To promote its program and attract the attention of potential clients, RBAC staff attended conferences, gave presentations, made onsite visits to companies, conducted targeted mailings with brochures and other materials, and made phone calls to prospective businesses.

Minnesota convened meetings for each of its target materials to tell stakeholders about the RBAC's grant and the staff's work on market development. These stakeholders helped the RBAC develop a work plan, leading to an effective partnership with significant value to the RBAC.

In the RBAC's experience, a coordinated approach increased its chances of success. While direct mail didn't yield many calls (unless the RBAC was offering funding), for example, potential clients often remembered the brochure when called. By attempting to reach businesses through more than one avenue, Minnesota found businesses were more likely to respond to its outreach efforts.



STAYING ACTIVE

The **Delaware** REDA released weekly press statements in order to reach its goal of having one press announcement or article published per month. This turned the Delaware Green Industries Initiative into a viable assistance and awards program. The REDA also brought companies together in "Green Forums"—meetings

designed to promote information exchange and recognize the efforts of participating companies. The forums also helped generate site visits and allowed the REDA to distribute the state recycling market directory.



Be creative in reaching businesses.

According to the **Wisconsin** Department of Commerce, targeted marketing efforts (e.g., ads in computer and electronics publications) and fact sheets work well. The **California** grantee suggests reaching businesses by focusing on the supply chain instead of manufacturers—especially since many companies are beginning to outsource materials. Another suggestion is working through other service providers such as Manufacturing Extension Partnerships (MEPs).

Focus your outreach efforts on the business community instead of “recyclers.”

The JTR grantee in **Virginia** suggests joining and participating in economic development groups, trade associations, chambers of commerce, and other business organizations. Avoid “preaching to the recycling choir” type presentations. Finding a business to “champion” your program also can be an effective strategy.

Recognize and seize opportunities.

Take advantage of issues in the news or the companies that make it. The **North Carolina** RBAC, for example, capitalized on the recent media attention on hog farming by initiating a new research and development project designed to neutralize hog waste using gypsum drywall scrap. In addition, working with a high-profile national company can make program promotion easier. The **Delaware** REDA worked with the Chrysler Corporation to find alternative markets for its waste tires. Dealing with waste tires in a positive way generated a lot of support, since the issue of tire disposal had captured the attention of many in the state, including legislators.

Keep outreach materials clear and concise.

NERC publishes an engaging one-page newsletter for investors and the financial community highlighting the economic and financial benefits of recycling. The **New Hampshire** grantee publishes a companion newsletter that is sent with the NERC bulletin to targeted groups in the state. The New Hampshire newsletter highlights new publications, upcoming meetings and conferences, and funding opportunities. Sending both together reduces mailing costs and provides recycling businesses, legislators, and other contacts with one package containing both regional and state recycling news.

Consider the Small Business Administration and Small Business Development Center networks.

Another way of reaching out to businesses is through these networks, as these are places small- and medium-sized businesses commonly go for assistance.



BUSINESS ASSISTANCE

At times, assisting recycling businesses can seem like a juggling act—trying to meet the needs of a large, yet diverse set of companies in light of budgetary constraints, changing market dynamics, and emerging trends in the recycling industry. JTR grantees provide the following suggestions to help address some of the day-to-day challenges:

Prioritize business assistance.

Based on the market development experience of **Metro**, a regional government in Oregon, for every 500 entrepreneurs you make contact with, only 5 have a legitimate chance of success. Metro recommends targeting the top 20 percent rather than spending superficial effort with a larger number of companies. Focus on companies that have done the following:

- Completed significant market research.
- Attained sufficient equity.
- Completed a well-developed business plan.

Be patient when working with companies.

It takes time to identify prospective companies and work through the recruitment process. An **Ohio** grantee notes it can take more than 3 years for a business to get established and begin to make sales. Stay in touch with businesses along the way; conducting site visits helps identify problems. On his second day on the job, the **Oregon** grantee visited a company considering building a recycling facility in the state. After 2 years, when the JTR grant period ended, the company was *still considering* moving to the state.



Help companies focus efforts.

The **Maryland** REDA found that recycling companies tend to deal with new materials as they become available rather than developing a consistent business with the same material and customers over time. As a result, providing information on supply, pricing, and changes in the regulatory environment was key to success. Also, help companies focus on the product they are producing, not the source of supply.

Accompany businesses during meetings with financial institutions.

The **Nebraska** grantee learned the importance of being involved when it's time for businesses to present their loan application to a lending institution. It can help companies ensure their loan applications are presented clearly and effectively, since a banker's first reaction to something unknown or not fully understood might be to deny funding. By offering third-party expertise, and being there for the presentation, you help give startup companies added credibility.

Be flexible in light of changing market dynamics.

The prices of recyclables, like many commodities, vary greatly from year to year. The **New York** JTR grantee conducted detailed annual assessments of New York's recycling markets to track market dynamics and adjust its yearly project priorities accordingly. In addition, factor in the strength or weakness of local recycling markets. The **Vermont** grantee encountered a major barrier trying to secure end markets for recycled plastics because of price volatility.

Conduct targeted workshops.

The **California** RBAC conducted workshops focusing on different recycling issues, such as deconstruction, which brought together local governments, recyclers, financiers, and other stakeholders. Targeted workshops can help grantees build a market infrastructure, establish a network of service providers, and become better educated about a particular sector of the industry.



JTR PROFILES

GETTING TECHNICAL

The Clean Washington Center (CWC) recommends understanding material quality and the technical issues involved with recyclables. It identified, for example, the engineering properties (e.g., strength, compaction, processing capabilities) of dozens of types of glass to assist the glass industry. It also notes that many products must undergo a rigorous process of American Society for Testing and Materials (ASTM) product testing.

As one example, CWC worked with a company that manufactures basketball courts made from recovered materials. Several NBA teams have played on the surface and all liked it. Even so, the product is currently going through the ASTM process, which could take years to complete.



FINANCING



For JTR grantees, increasing investment in recycling businesses is a high priority. Potential sources of capital include individual investors, commercial banks, community development banks, and venture capital and equity financing. Grantees suggest the following to help businesses navigate the various alternatives:

The more developed the business plan, the higher the chances for funding.

The key to obtaining funding is to have the most solid, thorough, and well-prepared business plan possible, regardless of the industry, according to the JTR grantee in **Nebraska**. Banks are primarily concerned with one thing—getting paid back. If a company can show it is credible, stable, and has the collateral and potential to pay the loan back in the specified amount of time, it is likely to obtain funding.

Diversify funding sources.

The financial community is less likely to fund projects (especially startups) that lack funding from a number of sources. Banks are more likely to participate if their risk is lowered. A bank will be more interested in lending money, for example, if it is asked to fund less than 50 percent of a project but hold the first lien on buildings and equipment.

During the North Carolina Recycling Financing Project, **Self-Help**, the state's community development bank, approved more than \$1.6 million in direct loans and leveraged an additional \$2.6 million in private capital for recycling-oriented businesses.



Hire a staff member with financial community work experience.

A new **Minnesota** staff member knew from past experience which banks in the area tended to loan money to startup companies and at which banks recycling projects would have the best chances for approval. His experience helped the RBAC assess startup companies through the eyes of lending institutions.

Offer investment forums.

To date, the **South Carolina** Department of Commerce has conducted three investment forums to introduce entrepreneurs to potential investors. In addition to possible financing, the forums offered media exposure, training, and networking opportunities. Below are a variety of tips and strategies:

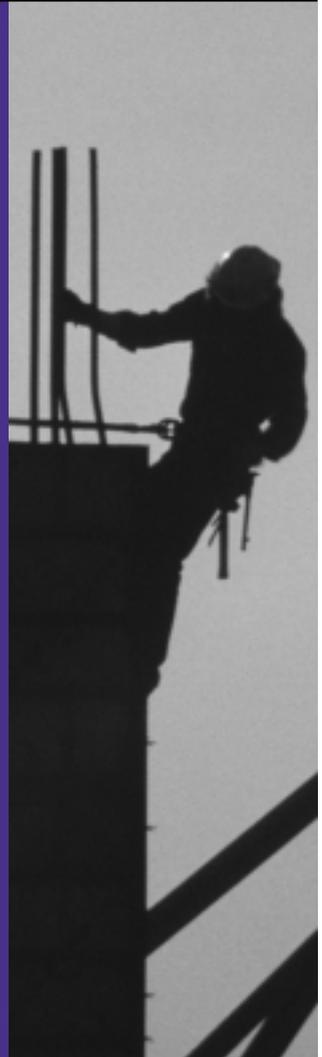
- Set realistic expectations.
- Establish a selection committee early with representatives from banking and investor communities. Begin identifying sponsors and set a date at least 1 year prior to the event. Sponsors can provide valuable financial support.

JTR PROFILES

BREAKING NEW GROUND WITH FINANCING

The **North Carolina** grantee developed a valuable partnership with **Self-Help** to provide financing to the recycling industry. The bank often acts as a sounding board for businesses, providing business counseling. Self-Help, unlike traditional lending institutions, is willing to spend more time with recycling businesses because it has a better understanding of the industry. It also can afford to be more speculative since, as a nonprofit organization, it can borrow at lower rates than traditional banks.

Working with Self-Help, the grantee is establishing a dedicated loan fund for recycling businesses. The fund is designed to help recycling companies that have difficulty obtaining financing from other sources. Self-Help has found that its loans also can help leverage other loans. Commercial banks are increasingly willing to sponsor loans with Self-Help's involvement, as it lends credibility to the investment.



- Be selective. Maintain a high standard of quality for participating businesses. Place an emphasis on business plan development and work with other service providers in the state to help businesses develop solid plans.
- Train businesses in their presentations beforehand. Many forums offer opportunities for businesses to rehearse their presentations and receive constructive feedback from two or three investors and fellow presenters. **NERC** found this to be a valuable exercise whether a company has been in business 30 years or is just getting started. Many businesses are initially reluctant to participate, but later say how rewarding it was to get direct feedback.
- Promotion and outreach are key. Be sure to provide ample lead time and work closely with partners to get the word out. Conduct joint advertising with other forums and secure advertising support from trade journals.
- Use speakers at the event to educate recycling businesses and investors.
- Establish a database to target businesses and investors. The biggest challenge is getting investors to attend.
- Follow through by publishing the proceedings and tracking the level of investment generated as a result of the event.

Document results.

The **North Carolina** RBAC found it is not enough to speak to financiers in broad terms of job creation, resource conservation, and landfill space savings. The grantee recognized the importance of providing the financial community with concrete economic and financial information. One option is conducting a study to collect and document this information. The following state and regional economic impact studies might serve as useful guides: Massachusetts (1992), Maine (1993), **NERC** (1994), Florida (1996), Southern States Waste Management Coalition (1996), North Carolina (1996), Washington (1996), Arizona (1997), Iowa (1997), Nebraska (1997), and Minnesota (1997). For more information on a particular study, contact the appropriate state official listed in the back of this booklet.

FINANCING

The following resources are available from **NERC**. For more information, call NERC at 802 254-3636 or visit its Web site at <www.nerc.org>.

- *Merger and Acquisition Activity in the Recycling Industry*—This document illustrates to private recycling company investors that a merger with larger public or private firms is a viable exit strategy. The report provides synopses of many active companies, along with their sales, income, stock ticker, CEO, and contact information.
- *Investor's Research Guide to the Recycling Industry*—Intended to assist investors in evaluating potential investments in recycling companies, this guide is a key source of information on recycling market trends, regulatory developments, industry structure, and other data necessary to evaluate a company's business plan.
- *Reports on Financial Transactions Supporting Recycling*—This series of reports on compost, paper, and plastic focuses on growth and trends for the recycling industry and includes employment figures, feedstock and product information, and financial characteristics and transaction data of survey respondents.

The **National Recycling Coalition's** (NRC's) National Recycling Financing Initiative, with support from EPA, has developed the following financing tools. To order a copy of the publications, call NRC at 703 683-9025. Visit NRC's Web site at <www.nrc-recycle.org> to find a variety of financing resources.

- *Beyond the Bank: A Primer on Non-Traditional Financing Strategies for the Recycling Industry*—This publication includes characteristics of business types, a map of financing options, and strategies for first- and second-stage companies, as well as broader environmental companies.
- *Government and Community-Based Sources for Financing Recycling Enterprises*—This document provides historical and current pricing trends, contacts and survey research, and an appendix of grant programs.

RESOURCES

- *Financing Strategies*—This document offers a brief overview of targeted sources of equity and debt financing and financing resources.

The following EPA publications also are available. To order a copy, call the RCRA Hotline at 800 424-9346 and request the appropriate EPA document number.

- *Grant Resources for Solid Waste Activities in Indian Country* (EPA530-R-98-014)—This guide is a valuable resource for all grantees. It lists information on federal and private grant sources, as well as tips on how to write a strong grant proposal.
- *A Financing Guide for Recycling Businesses: Investment Forums, Meetings, and Networks* (EPA530-R-96-012)—This publication discusses the planning and financing strategies utilized in running a recycling business. It describes what recycling investment forums are and how to get the most out of them. Also included is a directory of investment forums, meetings, networks, associations, and financing programs.





MEASUREMENT

Strong program results help create promotional opportunities and are crucial to requests for funding. Positive results also play a key role in recruiting new businesses to the state. There are a variety of options for measuring the success of market development programs. Possible approaches include documenting results in stories and anecdotes, using economic models, and examining environmental measures such as energy savings and reduced pollution. A lot can be learned by looking to other JTR grantees with measurement experience.

Experiment with data collection.

NERC suggests exploring different data collection options to find the one that works best for you. Options include using forms and surveys (e.g., via fax, phone, or e-mail), conducting repeated followups, getting a signed commitment from businesses upfront, setting performance targets, taking advantage of leverage (i.e., money or even credibility), networking, and using media contacts.

JTR PROFILES

ON THE FOREFRONT OF MEASUREMENT

The **New Hampshire** Department of Resources and Economic Development was awarded a JTR grant in 1995 to establish a REDA position. Since that time, the grantee has been working to craft a practical and effective approach to measuring success. The grantee first tries to obtain data through casual conversations. She recommends sharing the questions with companies upfront and helping them measure by walking them through the process. Next, the grantee counts only those measures related to manufacturers and directly resulting from in-depth assistance. Every 6 months she pulls together core measures or results by reviewing her notes, contacting referral agencies, and calling companies directly. To save time, she focuses on those companies she thinks will have results to report.

The grantee has experienced difficulties in trying to reach small companies with limited resources, dealing with concerns about proprietary technology, and overcoming a general reluctance by companies to share information. Despite these barriers, she offers a variety of helpful strategies: take time to foster relationships, give respect to get respect, and learn to listen.

Develop a client-tracking database.

A good database is key to measuring level of effort, progress, and results. It also can greatly enhance business recruitment and assistance efforts. Use a client-tracking database to record assistance provided, store technical information, and generate reports on specific recycled materials or clients. The **North Carolina** RBAC uses a tracking form to record assistance provided and stores the information in a database. The team sends the tracking form with referrals so other organizations can continue to track progress with clients.

Track core measures.

EPA's "core measures" can provide a helpful gauge of the success of JTR market development programs. The four core measures are *jobs created*, *capital investment*, *volume of new recycling capacity created*, and *volume of secondary materials actually used*. When making presentations to upper management and potential funders, the **Minnesota** RBAC recommends providing the core measures in aggregate to make a statement, but having the figures broken down by commodity as well. Minnesota further recommends presenting the measures as economic, as well as environmental, achievements.

Foster strong relationships.

With no grant or loan programs and limited funding, some states have no "carrots" to work with. In these cases, grantees must take time to foster strong relationships in order to gather information incrementally.

Anticipate possible barriers.

There are a variety of challenges to measurement, which include finding the time, establishing a baseline, getting businesses to report results, overcoming apprehension toward government, verifying numbers, defining measures in a standardized manner, and interpreting vague information from businesses.



JTR PROFILES

A NEW MODEL FOR SUCCESS

The **New York** grantee uses a measurement approach that might be helpful for other states with grant or loan programs. Like many other grantees, New York found it difficult to follow up with companies and obtain core measure results. The state had no system in place to aggregate its numbers and satisfy requests for specialized data. Out of this, the Recycling Investment Program (RIP) was born. Through this program, New York provides grants for technical assistance, research and demonstration projects, and indirect underwriting of capital equipment investments.

In allocating its grants, New York looks for a return on its investments and weighs the risk of each grant carefully. A key component of this program is working with contractors (i.e., its grantees) to set targets and measure results. As a first step, contractors define the need and scope of each project. Contractors then identify performance targets that include a schedule with milestones and methods to verify data and progress toward goals. All of this goes into New York's contracts. In short, the RIP involves a lot of upfront work but makes reporting easy by forcing all parties to settle on a measurement strategy at the outset. The outcome-oriented framework changes the role of government from funder to investor.

10

1st year

2nd year

SUSTAINABLE FUNDING OPTIONS

58
59
3

56
56

Although there are several options for achieving long-term funding, tapping into state departmental budgets has proven to be the most viable option for most grantees. The **Delaware** and **New Hampshire** REDAs are examples of JTR projects funded by the state agency as permanent positions after the term of the JTR grant. In addition to this approach, consider the following options:

Assess the feasibility of establishing a dedicated revenue source.

While this funding option might take a lot of time and legwork to institute, its revenue potential is high and stable. In **Wisconsin**, for example, recycling market development efforts are funded through a business surcharge through 1999. This fund has raised roughly \$300 million, with a small percentage allocated to market development. Similarly, in **California** all programs are funded through a surcharge on disposal. From this, a recycling loan fund will receive roughly \$5 million per year until 2002.

Leverage money or resources from other state and local programs.

Partner with other affiliated programs to leverage resources and take on joint technical assistance or demonstration projects. The **North Carolina** RBAC and **Self-Help** jointly commissioned the North Carolina Recycling Business Study, which assessed the employment, capital demands, and technical assistance needs of the state's recycling companies. The RBAC provided \$10,000 in direct funding while Self-Help provided \$10,000 in labor and in-kind services. The **Wyoming** grantee reached businesses through an existing SBDC course for entrepreneurs on how businesses can recycle and use recyclables. The **Appalachian Regional Recycling Coalition** invested \$5,000 in a mobile baler as part of **Virginia's** grant.



Merge with other groups.

This strategy can provide access to additional resources and networks. Faced with budgetary uncertainties, for example, the **CWC** transitioned from being a state-funded program within the Washington Department of Community, Trade, and Economic Development to a nonprofit organization within the Pacific Northwest Economic Region. This allowed CWC to broaden its scope of market development activities beyond the state of Washington.

Charge fees to generate revenues.

To help offset the cost of business assistance, some grantees, such as **NERC**, charge a registration fee for workshops or a publication fee for documents. These fees should not be so high that they discourage attendance or purchase, but enough that they partially cover the cost associated with the activity. This option is probably most appropriate for nonprofit recycling organizations.

Obtain funding from other sources.

While grants can provide funding for both general activities and specific projects, they are not often long-term sources of funding. JTR grants, in particular, are intended as seed money rather than long-term funding options.





JTR PROFILES

MAKING THE CASE TO LEGISLATORS

Well before the end of its JTR grant period, the **North Carolina** RBAC produced a status report that included a summary of the RBAC's goals, projects, and accomplishments—citing, in particular, the more than \$5 million in capital investments and 185 jobs created through the program. The RBAC then scheduled a series of meetings with key legislators, including the chairman of the state's appropriations committee. The status report was an extremely valuable tool as it documented the RBAC's benefits in a clear and concise format.

After months of meetings and presentations, the RBAC was successful in getting market development included in the state economic development plan. A legislator sponsored market development initiatives and, subsequently, the North Carolina state legislature passed a bill to provide the RBAC annual funding of \$170,000 for 5 years. Several RBAC positions are funded through this appropriations bill. The RBAC suggests grantees recognize every possible constituent and funding opportunity and cultivate them all.



PUTTING
IT ALL
TOGETHER

Great economic rewards can be achieved through recycling market development. As this document illustrates, however, there is no “magic formula” for developing a sustainable market development program. Instead, successful programs take a multifaceted approach.

Strong programs lay the groundwork with a solid plan that identifies both short- and long-term goals. Flexibility is key, regardless of whether a program is focused on technical and financial assistance, research, or testing new “cutting edge” technologies. Another key to success is building a strong network of partners—state agencies, legislators, nonprofit and trade associations, universities, and local businesses. Strong programs leverage the assistance of a whole team of supporters. As a complementary step, targeted outreach campaigns can help promote a program’s successes—jobs created, increased revenues for the local tax base, new technologies developed—to key audiences such as state legislators.

Successful programs draw from a whole range of funding sources, including dedicated revenue sources, resources from other state and local programs, service charges, or grants from other sources. Recognizing the power of information, these programs also have a system in place to collect and measure results. Information on the success of a program can be used in a number of ways—to demonstrate the benefits of a program, secure additional funding, or share breakthroughs with others in the field. Program failures have value as well, particularly as lessons learned so that others can avoid past mistakes.

In that spirit, EPA hopes this document—developed *by grantees for grantees*—will help strengthen market development efforts nationwide. Each JTR program contributes to a growing knowledge base of recycling market development. By learning from one another, market developers can “put it all together” and continue to seize new opportunities to close the recycling loop.





MARKETSHARE
CONTRIBUTORS

Arizona

Mr. Seth Hudson
Arizona Department of
Commerce
Phone: 602 280-1395
E-mail: sethh@
ep.state.az.us

California

Ms. Ann Schneider
University of California
Santa Cruz, Extension
Phone: 408 748-3200
E-mail: aschneid@
cats.ucsc.edu

Ms. Joan Martfeld
California Integrated Waste
Management Board
Phone: 916 255-2441
E-mail: jmartfel@
ciwmb.ca.gov

Colorado

Mr. Eric Lombardi
Eco-Cycle, Inc.
Phone: 303 444-6634
E-mail: recycle@
ecocycle.org

Mr. Bud McGrath
Colorado Recycling
Development Incubator
Phone: 303 988-5518
E-mail: info@
recycling-incubator.org

Delaware

Mr. Rob Propes
Delaware Economic
Development Office
Phone: 302 739-4271
E-mail: rpropes@
state.de.us

Enviro

Mr. David Dougherty
Phone: 206 283-1311
E-mail: ddougherty@
risltd.com

Iowa

Ms. Leisha Barcus
Recycle Iowa
Phone: 515 242-4755
E-mail: leisha.barcus@
ided.state.ia.us

Maryland

Ms. Virginia Lipscomb
Maryland Department of
Environmental Protection
Phone: 410 631-3315

Minnesota

Mr. Chris Cloutier
Minnesota RBAC
Minnesota Office of
Environmental Assistance
Phone: 612 215-0234
E-mail: chris.cloutier@
moea.state.mn.us

Nebraska

Mr. Pat Langan
Nebraska Department of
Economic Development
Phone: 402 471-3766
E-mail: langan@
ded1.ded.state.ne.us

New Hampshire

Ms. Elizabeth Bedard
Governor's Recycling
Program
Phone: 603 271-1098
E-mail: recycle@
osp.state.nh.us

New York

Ms. Linda Jacobs
New York State Office of
Recycling Market
Development
Phone: 518 486-6292
E-mail: ljacobs@
empire.state.ny.us

North Carolina

Mr. Matt Ewanger
North Carolina RBAC
North Carolina Division of
Pollution Prevention and
Environmental Assistance
Phone: 919 715-6500
E-mail: Matt_Ewanger@
p2pays.org

Mr. Bob Schall
Self-Help Ventures Fund
Phone: 919 956-4400
E-mail: bob@selfhelp.org

Northeast Recycling Council

Phone: 802 254-3636
E-mail: nerc@sover.net

Ohio

Mr. Tom Davis
Ohio Department of
Natural Resources
Phone: 614 265-7069
E-mail: davis@dnr.state.oh.us

Oregon

Mr. Bill Bree
Former Oregon REDA
Oregon Department of
Environmental Quality
Phone: 503 229-6046
E-mail: bree.william.r@
deq.state.or.us

Rhode Island

Ms. Marty Davey
Rhode Island Department
of Environmental
Management
Phone: 401 277-3434,
Ext. 4407
E-mail: mdavey@
doa.state.ri.us

South Carolina

Mr. Ted Campbell
South Carolina
Department of
Commerce
Phone: 803 737-0477
E-mail: tcampbel@
commerce.state.sc.us

Vermont

Ms. Carolyn Grodinsky
Vermont Agency of
Natural Resources
Phone: 802 241-3777
E-mail: carolyng@
wasteman.anr.state.vt.us

Virginia

Mr. Steve Coe
Virginia Department of
Environmental Quality
Phone: 804 698-4029
E-mail: gscoe@
deq.state.va.us

Mr. Mike Murphy
Virginia Department of
Environmental Quality
Phone: 804 698-4003
E-mail: mpmurphy@
deq.state.va.us

Wisconsin

John Hendren
Wisconsin Department of
Commerce
Phone: 608 264-8174
E-mail: jhendren@
commerce.state.wi.us

Wyoming

John Nunley
Wyoming Department
of Commerce
Phone: 307 777-5454

Judith Semple
Wyoming Department
of Commerce
Phone: 307 777-7284
E-mail: sbdc@vcn.com



Printed on paper that contains at least 30 percent postconsumer fiber.

