



NEW MONEY

An opportunity in China

By Andrew S. Lang, FASAE

Topics for this column usually come to me from association executives who know I am always looking for them. However, during a recent dry stretch I decided to reverse-engineer the process: I thought about which industries were likely to be doing well in a struggling economy.

The first to come to mind was the scrap recycling business. With heavy demand for raw materials from developing countries and the notable decline in various industries in the United States, I figured recyclers must be seeing quite a bit of action.

So I called the head of the Institute of Scrap Recycling Industries, Inc., and spoke with Robin K. Wiener. Wiener joined ISRI

in 1989 as director of environmental compliance and has been executive director and president since 1997.

ISRI is a trade association with more than 1,600 members, representing processors, brokers, and industrial consumers of scrap recyclables including metals, paper, plastic, glass, textiles, rubber, and electronics—essentially any scrap considered to have industrial value. Wiener told me that, indeed, most of her members are doing fairly well, and what is good for them is good for America: The \$90 billion industry is responsible for close to 500,000 U.S. jobs.

So the association is doing well, thanks in part to international economics. But the key to ISRI's success is not simply its members' increased sales. It is something much more interesting and of potential value to other associations thinking about increasing business abroad.

Wiener told me that because there has always been a global market for commodities, ISRI has always had international members and something of an international focus. However, the middle of the last decade marked an enormous shift in the global markets, not only for her members but also for her sponsors and advertisers. The cause, in a word, was China.

Demand for scrap in China began growing exponentially in 2003. With more construction and more manufacturing there, the country needed much more steel. With many more items to export, it needed more cardboard to ship the products. Then an interesting opportunity appeared. Lots of containers came to the United States filled with goods but returned to China empty—a costly situation. What better to fill these containers with than scrap? So began another surge for exporting scrap to China.

In 2004, with trade in scrap continuing to increase, the Chinese government announced it would issue stringent licensing requirements to ensure the quality of the scrap received: The new rules addressed packaging, environmental standards, and more than a dozen other issues. This was important to many of ISRI's members, for whom trade with China was a large portion of their business. If they wanted to continue to ship goods into

China, they now had to get a license.

To make matters worse, the rules were written in Chinese, and the guidelines were often vague. It was clear to Wiener and other ISRI leaders that members would need serious assistance to make sure they could get licenses.

As a first step, Wiener and ISRI's general counsel flew to China to meet with government officials. More than a dozen meetings followed in which ISRI and the Chinese government made sure ISRI's understanding of the forms and interpretations of the rules were correct. ISRI also met with representatives of the U.S. Embassy to discuss ways to make it easier for their members to do business in China.

She didn't stop there. ISRI began to develop trade missions with the U.S. Commercial Service through the Department of Commerce so the association would know who to invite to meetings in China. The first trade mission in September 2005 lasted 12 days and included meetings with U.S. and Chinese government officials, experts in Asian trade, site visits, and networking events with scrap buyers from various Chinese companies. A subsequent mission to India enjoyed even greater success.

Not only did ISRI's percentage growth in new membership more than double that first year, but overall membership has increased more than 30 percent in recent years, and the regular business of the association, such as product sales and tradeshow attendance (by members and exhibitors alike) also increased. ISRI has subsequently focused a similar effort in India and other international markets.

While Wiener was pleased to see the increase in sales and membership, she says she doesn't believe those are the greatest signs of success. What's key is that member loyalty—and thus member retention—has never been higher.

ISRI took the risk and spent the time and money. The return on their investment could not be of greater value.

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