

The Shelmet Story

November/December 1995

Here's the tale of Shelly Derer and the brokerage firm he built, plus a glimpse of the next chapter as Derer prepares for retirement.

By Nancy Gast Romps

Nancy Gast Romps is a writer based in Falls Church, VA. She was formerly assistant editor of *Scrap Processing and Recycling*.

Imagine spending your days in beautiful, tropical South Florida, surrounded by loved ones and doing things that you truly enjoy.

Sound like the perfect retirement setup? Maybe so, but for now its just business as usual to Sheldon "Shelly" Derer, president and CEO of Shelmet Corp., a small family-run scrap brokerage firm based in West Palm Beach, Fla.

Then again, Derer says he really is planning to retire next year after 30 years in the scrap industry, 13 of these years as president of his own firm.

Not to the Business Born

Unlike many of his peers in the scrap industry, Derer had no family background in the business—his father was a New York City mechanical engineer, his mother a bookkeeper and homemaker. After his education at New York's City College was interrupted by the Korean War (he was an infantry sergeant for three years), Derer moved to work with Robert Hall Clothes and subsequently dabbled in a number of other very un-scrap-like business throughout the South and Midwest, including more retail endeavors, advertising, and radio announcing.

His career path took its recycling turn soon after Derer married his wife, Barbara, and the two started their family. "It wasn't ever difficult for me to make a couple of bucks here and there," he remembers. "But I realized I wasn't getting to see my family enough and one day I just quit."

Opportunity knocked with the chance meeting at a dinner with Harold Baker, president of Baker Iron & Metal Co. Inc. (Lexington, Ky.). Baker approached Derer, asking if he would be interested in going to work for him. "Back then, I didn't know copper from aluminum," Derer admits. "But I was intrigued with the business." He accepted Baker's offer of "a rather poor salary but a good challenge" and quickly discovered that he had found his calling, both professionally and personally.

"In retail, almost every day was a 9-to-9 situation, six days a week, and unbelievably crazy. The scrap industry offered me stability—and the chance to be with my family," Derer asserts. "After all, it's a very family-oriented industry. Plus, I discovered I had an absolute love for the industry itself."

Derer speaks fondly of his years at Baker, where he served as general manager, and particularly of the education in the business he received from his “mentor and confidant,” Harold Baker. “There wasn’t a minute that went by that he wasn’t teaching me about scrap,” he recalls.

But as much as he loved his job at Baker, Derer decided to say farewell to the company after 16 years there, when Teller Metal Co. (Los Angeles) made him an offer he couldn’t refuse: take over the company’s Chicago brokerage office. And the decision to move on was even more appealing when Teller asked him to move to Florida to open a new brokerage office in the city of Plantation .

Derer did just that, but after four years, he says, “times were getting tough for Teller, and I decided that it was time to branch out on my own.” And when Teller indeed closed its Plantation office, Derer jumped in and offered to buy the office equipment and take over the office space. “Teller was wonderful to me, and I wanted to make sure the firm wouldn’t get hung on the lease,” he explains.

Thus, Shelmet was born.

On His Own But Not Alone

Shelmet maintained the Plantation office for about a year, then moved up the coast a bit to Delray Beach . That put the office closer to the Palm Beach area, where the company’s small staff lived, but it was still a good commute away, Derer remembers, adding, “It was silly for us to be commuting 35 miles a day.” So Shelmet relocated again, to its present location in West Palm Beach —a move that seems to reflect the company’s dedication to staff convenience and consideration. But more about that later.

Today, as in those early days, Shelmet’s primary business is in aluminum, but the firm also trades copper, stainless steel, and alloys, buying metal from all over the country and selling nationally as well as worldwide. Derer is hesitant to talk actual numbers, but does reveal that revenues last year were in the high eight-figures—as in tens of millions. That’s big business and it’s done by a staff of just nine.

Yes, nine. How does such a small company keep up with the bigger fishes in the brokerage business? The answer is right in the question, says Derer. “If we have a forte, it’s our smallness,” he says.

There are a number of advantages to being a small company, he explains. Perhaps the most important of these is the ability to serve customers personally. “Personalized service goes a long, long way,” Derer says. In addition, he notes, “we can make decisions instantly as a small company.”

Shelmet has also found benefits to being small but not as tiny as a one-person operation. As such, the company always has more than one trader ready to serve customers and potential customers, a situation that Derer believes is enhanced by Shelmet’s cross-training philosophy. Furthermore, “nobody here gets a commission,” Derer notes. “We all share profits at the end of the year.”

Consequently, he says, everyone helps each other in making deals, and making those deals as profitable as possible. Thus, if a trader is out of the office, his customers will find that any of Shelmet’s other traders can help out with a transaction. This is further enhanced by the trading

office setup—a bullpen arrangement that allows each trader to heat the others and openly discuss the day’s deals. And this not only encourages cooperation, it also discourages secrecy, which Derer says is the only thing that peeves him. “My staff are told this when they first start with me,” he says. “If anyone has a problem, it becomes *our* problem. As a team, we can always work it out.”

As a related management strategy, Derer encourages a “very informal” business atmosphere, in part, to help counteract office stress. “The brokerage business itself can be so full of stress,” he asserts. “But informality is a great release of tension. No matter how bad a day gets, by joking and teasing one another we all get through it together.

Family Values

You might say that Derer treats his staff like a family. That’s true. It’s also true that Derer’s staff *is* Derer’s family.

Derer’s wife Barbara, for instance, is Shelmet’s public relations pro and occasionally does some office work. “She’s the one who’s great at meeting people,” Derer says proudly. “She’s the real liaison with our customers. She remembers names; I’m absolutely horrible with names.”

Then there’s son Gary, a trader and vice president who’s slated to become president upon Derer’s retirement. Jeff Nadler, Derer’s nephew is also a trader and vice president. And Carol, Derer’s former daughter-in-law—“I hate that term because she is like a daughter to me,” Derer quickly adds—is Shelmet’s comptroller and office manager. (Another daughter-like daughter-in-law, Kim, was the firm’s traffic manager before leaving the workplace to spend more time with her children.)

Four other Shelmet members round out the roster: Todd Engle, a junior trader; Nova Robinson, bookkeeper; Diane Wilder, traffic manager; and Jon Welch, a contractor who runs nearby Welch Aluminum, a usable business that has “a special relationship” with Shelmet. While these folks aren’t actually related to the rest of the Shelmet clan, as Derer puts it, “Blood or no blood, we’ve all become a family in this business.”

Derer didn’t intend for Shelmet to be the family business that it is, but as the company grew and he kept looking to add additional people to his staff, he found “that many of those capable people were in the family already.” He’s quick to point out, however, that “everyone here has a role and stands on his or her own two feet—there’s absolutely no favoritism.”

Beyond his Shelmet family, Derer also feels a kinship with the entire scrap industry, particularly those he worked with over the years serving ReMA and its predecessor organizations. “There’s such tremendous fraternity in this industry,” he says. “For years, I taught seminars up in Chicago for NARI and instructed literally thousands of students. Now, those students have ultimately become the leaders of their companies, and we’ve kept up our relationships.” Furthermore, Derer cites his work with ISRI, ISIS, and NARI as some of the most pivotal experiences he’s had in the business. And those experiences have been vast. Derer served on the board of directors of all three associations, is past president of the Ohio Valley Chapter of ISIS, headed the aluminum committee under NARI, and much more.

Putting Philosophies to the Test

As a former plant operator, Derer has given Shelmet a special perspective among brokers on the concerns and problems of processing facilities, but he thinks his experience in the retail business deserves just as much credit for shaping the firm's business philosophy. "Retail is all about customer relations," he contends. "In retail, the customer's always right." So at Shelmet, too, the customer's always right.

Of course, having customers at both ends—buyers and sellers of scrap—can make that aim a little sticky, but Derer doesn't seem bothered by that challenge. "We have a dual responsibility to both the shipper and the consumer that will ultimately receive the material. If we're straight with both parties, we're able to resolve any problem that occurs," he notes. "Our motto here is that where there's a problem, winners see opportunity and losers see only the problem. We have *always* recognized the problem as an opportunity."

Take the case of a consumer that claims a severe weight shortage in a shipment. "We'll work diligently with both parties until the situation is resolved fairly," Derer says. "We do whatever we can to back up whatever we can with facts, *not* emotions."

Then again, there are times when facts plus emotions are what's needed to resolve a situation, such as when Derer unexpectedly became a crusader in the industry's fight against motor carrier undercharge claims in the early 1990s. Two trucking companies Shelmet had negotiated discounted shipping rates with had recently gone bankrupt, and the bankruptcy estate trustees were billing the brokerage firm for undercharge claims of more than \$20,000—representing the difference between the negotiated rates and the standard rates the trucking companies had filed with the government.

Derer was outraged and wasn't about to shell out money that was never in the trucking companies' quotes in the first place. So he talked up the absurdness of the situation—with his fellow recyclers, and his congressman, other affected businesses, and more—and eventually found himself as a key source of a "60 Minutes" segment on undercharge claims. Derer recalls the shooting of the 10-minute segment for CBS taking an entire business day, and that the end result was extremely good and showed our side very fairly."

Since then, President Clinton has signed into law a measure that ensures that recycling and other small businesses and charities are exempt from undercharge claims. Still, while the problem may have been resolved in the books, the beat goes on. "Just the other day we received a letter from a trucking company for payment," Derer relates resignedly.

Who Has Time to Slow Down?

Shelly Derer lives one of the retirement capitals of the country, spends a lot of the time with his family, and keeps busy doing what he loves to do. He's even spoken his mind on one of the television's highest-rated national programs. So what could he possibly want from retirement?

"It's time to hang up the shoes," he laughs.

But don't think for a minute that just loafing around on the beach is in Derer's future. Already active in West Palm Beach's Jewish Community Center—he was instrumental in bringing to the city an Anne Frank exhibit that reportedly attracted an audience of more than 100,000 and is chairing the center's commemoration of the 3,000th anniversary of Jerusalem—Derer intends to throw himself even more fully into the center's activities and focus on producing events. And this "ham at heart," as he terms himself, is harkening back to his broadcasting days by emceeding

community events. "I'm too active a person to really slow down," he insists. "I'm ready to explore other fields."

He's also looking forward to watching his five grandchildren—who range in age from five to 20 years old—grow up, and perhaps, to teaching them about the family business. "It's not an impossibility," says Derer of the chances his grandchildren will take the reins of Shelmet. "But the only thing I insist on with them is that they do what *they* want to do."

That sentiment is evident in the case of Derer's three children who are not associated with the company: Cindy, who's a dentist in Lexington, Ky.; Brian, a personal executive with Florida's Jackson Memorial Hospital; and Steve, who works for another scrap firm.

When—and if—Derer decides to hang up his scrap shoes in 1996, he can look back on more than 30 years of doing business the way he thinks business ought to be done. Then he'll pick up some new shoes and throw himself into new projects, because who has time to relax?