



# Robertson's Auto Salvage Following Bill Gates' Lead to Succeed

BY LYNN NOVELLI

“A company’s ability to respond to an unplanned event, good or bad is a prime indicator of its ability to compete.”

—Bill Gates, Microsoft founder and former CEO

**S**cott Roberston Jr., owner of Robertson’s Auto Salvage, Wareham, Mass., does not have Gates’ name recognition – or his fortune – but the two share a common philosophy about business competition and success.

Robertson’s, a family-owned and operated salvage yard since 1969, has survived and prospered through at least half a dozen recessions, the Arab oil embargo of the 1970s, the Clean Water Act, depressed scrap prices and more. Founded by the current owner’s father, uncle and grandfather, Robertson’s is a lesson in staying nimble.

“It’s a constant evolution in a salvage yard,” Robertson says. “You have to change with the times to be able to make money.”

Originally established to supply parts to the family’s gas and repair station in Boston, Robertson’s transitioned totally to the salvage business when the oil company reclaimed ownership of the gas station. In the ensuing four and a half decades, Robertson’s has sold repairable wrecks; established, participated in and eventually closed a salvage pool; launched a GMC dealership that continues today and opened and subsequently closed two additional salvage yards.



Through all the changes inside and out, Robertson’s continues to supply repair shops, body shops, insurance companies and other wholesale customers in New England and coast to coast from its tightly packed, 24-acre original location. Along with its facility,



Robertson's also has maintained its ARA membership for four decades and is Gold Seal and a CAR facility. Robertson currently serves as a regional director, continuing the family tradition of ARA involvement. Many members may recall his father and uncle as ARA movers and shakers in the 1980s.

In a month, Robertson's 35 employees dismantle 200 domestic and foreign autos, SUVs and light- and medium-duty trucks. In 2014, Robertson purchased a whopping 3,300 vehicles. Unfortunately, heavy snows last winter in New England made for challenging conditions that slowed the workflow, made processing vehicles nearly impossible and packed the yard with inventory.

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#### Scott Robertson's Top Five Best Practices

1. Be flexible so you can adapt to changing market conditions.
2. Expect change so you are prepared when it comes.
3. Operate strategically in all you do, whether it's using technology, or buying salvage or planning advertising.
4. Optimize the size of your company. Sometimes bigger isn't better.
5. Educate yourself by participating in ARA conferences, meetings and committees, reading and talking to others in the industry.

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"I had employees out there shoveling for two days just to uncover the vehicles so we could see what we had," Roberston recalls. It was a frustrating season for a recycling operation that bases its business on having the parts customers need, when they need them.

### Be Adaptable to Be Profitable

Roberston is not afraid to tweak or even totally shift the company's business plan if market conditions warrant, and he estimates the company has revamped its strategies and ways of doing business at least six times. "Just because something has worked for you in the past doesn't mean it will in the future," he adds.

For example, he recalls the 1980's when Robertson's owned a wrecker and was selling 100 repairable wrecks a month with 100 employees, five buyers, and even a pilot on staff. "That strategy quickly went sour when the auctions started admitting Class 2 license holders and salvage titles were introduced," Roberston explains. As a result, the family repositioned the business to be mainly a recycled parts wholesaler with repairables as a sideline.

Likewise, Robertson's now focuses on seven-to-12-year old, B and C grade vehicles instead of later model, higher quality vehicles. Roberston, who does nothing businesswise without sound reasons behind it, explains that this switch in inventory strategy made financial sense for the business. "Our ROI on newer vehicles was going down because of the competition at auctions," he says. "We can make better margins with the older B and C vehicles."

Besides the competition at auctions, Robertson's, like its industry peers, also has had to deal with shrinking margins in recent years. "It's great to keep clicking the mouse, but if margins are shrinking and your cost of sales is high, you can't create profits with increased sales, and you aren't making any money," he says. The answer, he stresses, is to be able to shift your business plan to maintain profitability.

### Understand the Scrap Market

With a finance degree from Fordham University, Robertson may have a better than usual understanding of scrap market dynamics. But understanding at least the market drivers and having a strategy in place to cope with fluctuations is critical to financial success

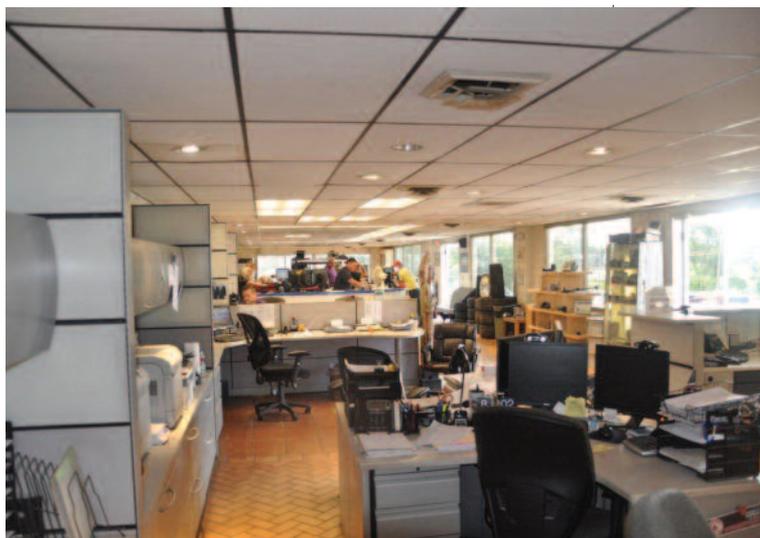
for every auto recycler, he says. "In an industry characterized by variety in business size, shape and structure, metal scrap is the common denominator for our industry. As the scrap market goes, so goes the auto recycling industry."

Lately that has not meant good news Robertson is all too aware. "With the currency valuation where it is now, scrap is expensive, and China can't pay the price," he explains. As the world's largest metal scrap consumer, China's declining demand impacts what happens in virtually every auto recycling yard in the United States.

For now, Robertson's is crushing and stacking hulks, and Robertson is watching the market carefully. "At some point you have to decide at what price you want to sell," he explains. Another reason, he adds, for being ready and able to change your business plan as the situation changes.

### Adopt and Use Technology Strategically

As one of the first yards to adopt computer technology 30 years ago, Robertson's early on understood the benefits technology could bring to an automotive recycling operation. The company teamed up with a



yard from New York, hired a programmer and created its own computerized inventory system in 1981 that they continued to develop, improve, and use into the 1990s. With Hollander's introduction of comprehensive yard management software, Robertson's finally abandoned their proprietary version in favor of the Hollander product.

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Robertson continues to invest in technology to maintain a competitive edge, basing his decisions on his business plan and identified needs. "We constantly look for any deficiency in our processes and try to identify a solution to fill it. That solution may be technology," he notes.

By reading, talking to other recyclers and vendors at ARA meetings and generally keeping his ear to the ground, Robertson stays abreast of technologic innovations in the recycling industry "If a new technology fits our need and our way of doing business, we will be early adopters," he says. Additionally, he stresses the importance of evaluating the proposed financial investment and expected return on investment before making a major decision about upgrading or adding to technology.

### **Plan for the Future**

The auto recycling industry is on the verge of a transformation, Robertson believes. "We have Anderson Cooper on CNN charging that insurance companies are forcing consumers to accept junkyard



parts," he points out. Add in the fact that manufacturers are building vehicles to higher safety and service life standards with high-tech materials and accident avoidance systems plus the millennial generation's overall lack of interest in cars, and it means that the auto recycling industry is going to change in major ways, he predicts.

No one can foresee what the future will look like. The best the industry can do is prepare for it to be different in 10 to 15 years from what it is today, Robertson says. Personally he plans to keep doing what he's doing: read a lot, be aware of the environment, embrace change, seek opportunities and, like Bill Gates, be prepared to respond to unplanned events. ■

Lynn Novelli is a freelance writer based in Ohio.