



After a proposed merger fell apart in August 2008 and the economy crashed in September, PC Recycler's founder, Jeremy Farber, sat in his office "thinking our company was not going to make it. No way."

Rebooting

Chantilly electronics recycler PC Recycler breaks down its breakup with one-time partner, talks future growth

By Emily Mekinc

If a merger of two companies can be compared to a marriage, the breakup of a business relationship can be just as contentious – and devastating – as a divorce. PC Recycler Inc. of Chantilly is one company that beat the odds by surviving – and thriving – after a business breakup.

The company's beginnings occurred simply enough. Jeremy Farber, president and founder of PC Recycler, started the electronics recycling business in 2003 with his father in Albany, N.Y.

PC Recycler originally offered hard drive destruction services and then added mobile hard drive and tape destruction services. Later innovations in the industry enabled PC Recycler to move into mobile hard drive shredding and degaussing – or neutralizing a unit's magnetic field and erasing information from magnetic media – making the company one of just a few in the country to offer such a specialized service.

Farber says he decided to move to the Washington area around 2005 when the

The basics

Company: PC Recycler Inc.

What it does: Degausses and shreds hard drives for the federal government and private sector

Leadership: Jeremy Farber, president and founder

Location: Chantilly

Employees: 23

Clients: In the hundreds, including General Dynamics Corp. and Dell Perot Systems Government Services

Revenue: \$655,164 in 2009, \$1.3 million in 2010, \$1.97 million in 2011.

Website: www.pcrecycler.net

company picked up one of its biggest customers, Falls Church's General Dynamics Corp.

PC Recycler then combined its electronics recycling and data destruction as a single service. Demand grew, and the company doubled its facility's size in 2006.

But the next year, when the economy

started showing its first signs of distress, PC Recycler almost went out of business because it had expanded its infrastructure too quickly, Farber says.

By January 2008, he had begun to consider merging with a similar company and called Elizabeth Wilmot, president of Turtle Wings Inc. in Capitol Heights. The former rivals hoped to create a combined, strong company that would be a more viable acquisition target than either might be alone.

But then things went downhill – and fast. "I think I got caught up in 'what could be,'" Farber says. "You don't think about the possibility that you're not going to get along. Maybe even not seeing eye to eye socially. Every social opposite that you would never think of absolutely plays into the business place."

Farber says he made a mistake by looking only at the strengths and weaknesses of the two companies and not getting to know the owner of the company he planned to merge with.

He notes that Turtle Wings and PC Recycler were both very closely held companies, and neither owner wanted to step aside. After only four months, in August 2008, Farber and Wilmot called the merger off.

"There was a significant difference in management philosophies," Wilmot said at the time. "It became apparent in several weeks it was not a good match. I like to think of it as an annulment [rather] than a divorce. We never really merged operations."

Indeed, the merger proposal did not involve a financial transaction, just an aligning of balance sheets and a sharing of customer lists.

After breaking off that relationship, PC Recycler's first priority was to reach out to its customer base to retain relationships with key companies. Farber happily reports that all of PC Recycler's marquee customers stayed put.

"I think coming out of [the failed merger],

you have to have a lot of faith," he says.

Another test of his faith in his company came in September 2008, when the economy tanked and the banking crisis hit the nation.

"That was a scary time," Farber says. "I remember sitting in my office thinking our company was not going to make it. No way."

What saved PC Recycler was a recipe of aggressive marketing and tech innovations.

In 2009, after being certified by the General Services Administration to do business with the federal government, PC Recycler received a five-year contract that enables it to provide on-site and off-site data shredding services, as well as degaussing services.

But even with that achievement, it's been a slow climb into the federal arena.

"We're still in a learning curve with the GSA," Farber says. "It hasn't probably been quite as great as we had thought. We thought we'd be able to build a niche there, but it's been good."

To build its niche, PC Recycler has responded to an increasing sensitivity to security and rising demand for degaussing services. A new degaussing machine installed last year in the Chantilly warehouse uses magnetism to destroy elements where the data are stored so they can't be retrieved.

PC Recycler takes a full inventory of the electronic information, degausses it and then shreds the hard drives. It sends the shredded drives to a secondary refinery, which further processes them and extracts the precious metals for reuse.

The company has succeeded by "being honest about what you're good at and what you're not good at," Farber says.

He adds, "We're excited about this next year and where we're going to go."

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