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forward THINKING

Diwakar Gautam and Sunberg Limited focus on connecting with scrap buyers and sellers willing to forge relationships that create value.

by brian taylor

Forward Thinking

Diwakar Gautam and Sunberg Limited focus on connecting with scrap buyers and sellers willing to forge relationships that create value.

Diwakar Gautam, by training could be working in any number of engineering or manufacturing fields almost anywhere in the world.

But the native of India specifically chose the recycling sector both for the opportunities it presented and because it appealed to his desire to take part in a sustainable business.

For the past decade, Gautam has served as CEO and managing director of Sunberg Limited, a London-based scrap trading firm that forges global connections.

"In 10 years, it has grown and positioned itself in the metal recycling industry as a respectable global trade supply chain management company," says Gautam of the company he started in 1999 along with his partner Sandeep Jain.

A VALUABLE SOURCE

Observers of the recycling industry have long questioned whether a combination of technological advances and the economies of scale of large metals producers would make the scrap broker an endangered species.

Gautam has not been deterred by this notion, and says he has found that the role of a broker can be positioned as a valuable outsourcing opportunity.

"Sunberg purchases ferrous and nonferrous recyclable metals; it then combines/processes various lots according to customer needs and sells them to re-melters," Gautam says of the nuts and bolts of his company. "In addition, Sunberg sometimes uses its supply chain in reverse and buys processed goods from the re-melters to sell to various die-casters."

Regarding the role of an indepen-

dent trader, Gautam says, "Sunberg believes that to be a 'chocolate supplier,' you do not necessarily have to own 'cocoa plantations.' Rather, you should be positioned to source the best produce with the best commercial practices."

Having been born in India, Gautam says, "India was our natural strength because of the network of inside knowledge that we have. We want to conduct business with those people who are decent players in those industries and leverage our knowledge in India to know which companies are really worth dealing with—and their real net worth."

Sunberg Limited got its start, notes Gautam, when "a family friend who was importing scrap material into India heard about my entrepreneurial desire. He offered to give me the right information to get started and to make

some selling and buying connections."

The Sunberg office was established in the U.K. to set up trade routes that initially ran between those two countries. Since then, the scope of the company has grown to include material sourced in other nations and shipped to consumers beyond India. "What started as an operation to meet demand and supply of scrap metal for the Indian market has today evolved itself into a valuable and reliable partner of many large companies across the world."

The expanded focus occurred with the help of key Sunberg staff members, notes Gautam. "The staff at Sunberg are from various nations but have a common passion and sincerity in their hearts," he says. "It's people that make companies, and without the right person doing the right job even great companies or nations cannot achieve things

BEING SELECTIVE

An emerging business may not seem to have the luxury to choose its customers carefully, but Diwakar Gautam, CEO and managing director of Sunberg Limited, London, has taken that very approach.

"Sunberg has always preferred concentrating on carefully selected clients rather than spreading itself thin across a larger base," says Gautam. "There is close financial scrutiny and strict payment terms are in place. Commercial participation with carefully selected clients has resulted in long-term working relationships and trust that is crucial in developing mutually beneficial strategic growth plans."

Although trading is often considered a margin business first and foremost, Gautam says he has shunned this approach. "Instead of seeking best prices and best profits, Sunberg prefers aligning itself with best practices. These working principals have meant that even though Sunberg may not be a company that is well-known across the globe, those that have commercially dealt with the company have it as a preferred commercial partner in their supply networks."

and maximise their potential. So I must acknowledge the dedicated team that believes in Sunberg and works relentlessly in taking it forward.”

Gautam says a relationship philosophy also guides Sunberg Limited. The company is willing to work with companies of all sizes, but seeks to form established relationships that become close alliances.

“What we have tried to do is work with companies where we find similar value systems—similar sorts of businesses and business ethics,” says Gautam, “and not just one specific supplier because of one spot deal.”

He continues, “We don’t buy from 20 different people in one geographic area. We do a very careful study of the suppliers there. If someone supplies too cheap, we shy away from it. If it sounds too good to be true, there can be a problem with it.” States Gautam, “We buy in a manner that doesn’t create unnecessary grievances.”

Sunberg also strives to avoid what Gautam calls opportunism with the consumers with which it works. “If a buyer is asking for a price that is too high, the buyer may not be aware of the real market situation. Sunberg does not wish to engage in the opportunistic ‘ripping off’ of buyers or sellers.”

Gautam acknowledges that some opportunities for high-margin trades may have been bypassed, but he says he is not sorry about it. “I think a lot of

people appreciate our approach. We’re not just marrying a buyer and a seller to find a margin.”

WIDER VISION

Sunberg Limited and Gautam have each taken wider views of the scrap industry, both for business and corporate responsibility purposes.

On the business side, Gautam says Sunberg is at its best when it can provide a number of services for customers that position the company as a critical ally that can save the customer from staffing entire internal departments.

“In a specialist market, it was not long before several well-established companies saw the benefit of the value-added participation that Sunberg provides as an assured performer fulfilling contractual obligations consistently year-round,” says Gautam. “With such an assurance, they no longer needed to extensively invest in their own materials management systems. This freed up capital for them to expand geographically and in margin-enhancing opportunities locally.”

In an era when outsourcing is a corporate technique that often gains favor at the executive level, Sunberg has been able to approach companies with what it believes is a highly effective outsourcing model. “Professional, modern growing companies, small or large, recognise the value of our participation in their business,”

Gautam says. “And when a transparent approach is taken, it’s not hard for them to price products that allow us to make a thin margin. We do not act as a broker or commission agent with a flat fee commission on a ‘contact’ or a ‘contract.’ Rather, we handle the entire supply chain management and undertake full commercial transactions as principals.”

It is Gautam’s view that metals producers have considerable manufacturing quality and end product sales responsibilities while scrap processors have considerable scrap purchasing and processing duties. “More often than not, organisations lose focus and do not capitalise on their core competencies,” says Gautam. “A [scrap] supplier will try and think it’s best for him to explore the export market without realising that his core competency is sourcing recyclable metals from his local areas. Similarly, metals producers will think direct sourcing will improve their profitability without first exploring if they are optimising their production and sales efforts.”

For the company’s premise to work, trust must be extended. That has been a gratifying part of Gautam’s experience in the recycling industry. “Sunberg believes that carefully selected participation in the supply of materials with underlying trust is more important than rapid ‘cherry-picking’ or Dutch auctioning,” he remarks. “For commerce to translate into a continuous value-generating proposition, it is important that all clients understand and appreciate the participation that Sunberg brings on board.”

In the past few years, “One of the most gratifying things has been the level of trust and friendship that we have built with people in the recycling industry in a short span of time.”

Another gratifying aspect for Gautam—and a notion that brought him into the industry—is the growing profile of recycling as a sustainable business practice that can also help lift the economies of the developing world.

“I feel that for recycling as an endeavor to be successful, we need to participate in activities that are beneficial to the world and to the environment at large,” he comments.

PART OF THE FABRIC

Diwakar Gautam, CEO and managing director of Sunberg Limited, London, has endeavored to make himself part of the figurative recycling industry fabric in his company’s home market of the United Kingdom, in his native India and in other regions where opportunities have taken him.

An analogy to fabric is suitable for Gautam, whose earlier career work included several years in the cotton industry.

Gautam has a Master of Sciences degree in engineering and counts among his work experiences positions as a technical manager and workshop manager at a 4,000-hectare mechanized cotton plantation in Africa.

Subsequently, Gautam made his way to the United Kingdom upon accepting a position as managing director of a diesel generator manufacturing plant there.

His participation in the recycling industry and founding of Sunberg Limited evolved thanks to guidance from friends back in India who purchased scrap as well as what he calls “an underlying desire to be an entrepreneur.”

Such involvement, says Gautam, can be financially, politically and environmentally sound. "The injection of more liquidity into recycling enterprises, perhaps from carbon cap-and-trade money—putting this money into recycling instead of open ore mining—can accomplish great things. The recycling industry is still miniscule compared to what can happen," he states.

FUTURE DEMANDS

Gautam envisions a recycling industry that continues to grow and takes a wide view of the world and its resources when considering the future.

"The world population, barring any catastrophic natural disaster, is only going to grow," he comments. "As a result, there is going to be continued pressure on the basic needs of housing, clothing, food and transportation. None of these can be met without one form of metal

or the other as a core ingredient. There is no justification needed in saying that pressure from limited energy sources means that even those economies that have an abundance of raw materials are gradually going to first explore the potential of recyclable materials, since recycling is a great way to save energy. These considerations were the driving force for Sunberg Limited to position itself in the metal recycling industry."

More than a decade since Sunberg Limited started, Gautam sees little reason to deviate from those basic premises. "If worldwide efforts in controlling global warming continue, there are bound to be greater barriers to raw material extraction versus recovery of material via recycling. These barriers will further promote recovery of recyclable materials. These barriers will further promote recovery of recyclable materials. Recycling will thus prosper,

depending on the sincerity of global efforts at sustainable commercial and economical development."

Regarding Sunberg specifically, Gautam points to the market turbulence of 2008 and early 2009 as an example of why the Sunberg Limited model is a sound one. "In the third quarter of 2008, Sunberg decided to just wait and watch and reduce its financial exposure to the part of the market that was in turmoil. The dynamic changes within not only the recycling industry, but also within specific geo-political economies worldwide, has meant that the hands-on, ground-level flexible management control of companies like Sunberg are crucial in reacting to volatile changes." **RTGE**

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