

# TIME OFF



## 'Revolution in a Bottle'

How TerraCycle  
is redefining green  
in founder  
Tom Szaky's  
new book

# TIME OFF

COVER STORY

By Adam Grybowski

## Cash from Trash

**O**n a hot Princeton night in June 2001, Tom Szaky imagined wearing a suit at an investment bank and equated it with a gulag.

That image, along with his fear of personally repaying a business loan, motivated him to complete the task at hand — the disgusting, repetitive, unenviable task at hand.

Mr. Szaky and a friend — both Princeton University students — were emptying a dozen 55-gallon barrels of decomposing waste and leftovers from Wilcox Dining Hall. They shoveled the sludge into the \$20,000 worm-compost machine Mr. Szaky had bought with borrowed money.

The plan was to transform garbage into worm poop, a potent garden fertilizer, and sell it. That was the beginning of TerraCycle, the Trenton-based company that creates products entirely from waste. Today its sales are in the multi-millions. TerraCycle packages its plant food in used soda bottles and offers more than 100 other products assembled from waste streams, such as flowerpots made from 100 percent e-waste (crushed computers and fax machines), bags and backpacks made from used drink pouches and waste wrappers, and fire logs made from 100 percent wax/cardboard waste.

The TerraCycle concept has evolved all the way to the design of Mr. Szaky's first book, *Revolution in a Bottle: How TerraCycle is Redefining Green Business* (Potter/Dutton, \$15). The dual-purpose cover serves as a prepaid postage envelope. Readers can stuff a used Bear Naked granola bag in the envelope and return it to TerraCycle, which will use it for its products. For every cover that's returned, Bear Naked will donate \$1 to the Arbor Day Foundation to plant a tree. Mr. Szaky hopes his book, which is printed on 100 percent post-consumer paper, will help plant more trees than it cuts down.

Mr. Szaky will discuss *Revolution in a Bottle* at Labyrinth Books in Princeton May 14. The book recounts the company's tumultuous founding and explosive growth, interspersed with lessons on eco-capitalism, a mutation of traditional capitalism. Eco-capitalism ties together environmental and social responsibility with big profits.

"Green business can be as big as big business," Mr. Szaky says during a phone interview from a Florida airport.

He had just give the keynote address at the 17th Annual Small Business Week Celebration on this very topic. "How many authentically green businesses are there?" Mr. Szaky asks. "They are few and far between, and only a sliver is authentically green."

TerraCycle treats waste as a commodity, keeping it out of landfills by recycling raw material into new products. The process, it turns out, is also cheaper. For example, the used soda bottles the company packages its plant food in cost less than new ones.

This allows TerraCycle to offer premium products at competitive prices, a fundamental point for bringing green products to the average consumer. Mr. Szaky believes everyone would prefer to buy green products as long as they don't cost more.

The big-box retailers that are anathema to environmen-



TERRACYCLE PHOTOGRAPHY COURTESY

**TerraCycle founder Tom Szaky's book on eco-capitalism might help plant more trees than it cuts down**

talists (Wal-Mart, Home Depot, Target) sell TerraCycle's products, which naturally drives sales. "You would be wrong if you put more emphasis on the 'eco' part or the 'capitalist' part — both sides together contribute to the success of the business," Mr. Szaky writes.

He calls landing Wal-Mart as a client "probably the biggest thrill in the history of TerraCycle." The order quadrupled TerraCycle's combined sales for all of 2004. "It was validation," Mr. Szaky says.

Do environmentalists criticize him for doing business with the likes of Wal-Mart? No, he says. "People get it, that we're doing authentic change to these companies."

Selling to big-box stores also satisfied Mr. Szaky's desire for dot-com growth rates. "I really like the idea of big growth," he says. "That's something that drives me on a personal level."

The ability to take risks, coupled with the willingness to fail, is the most important quality that saw him through the company's founding, says Mr. Szaky, a Princeton resident who was born in Hungary in 1982 and immigrated to Canada with his family in 1987.

"I always do take risks," he says. "I try to take carefully hedged risks and make the smartest move possible. But they're all risks."

Of his riskier moves, Mr. Szaky rejected venture capital firm Caron Capital's offer of \$1 million because they wanted to drop TerraCycle's green angle and entire staff. TerraCycle had only \$500 in the bank and was on the brink of collapse.

"We had seen how powerful the idea of making and packaging a product out of waste was," he writes. "Once you started to dilute it, it would lose its magic."

In light of all this, the biggest risk Mr. Szaky says he took was his initial decision to spend \$20,000 on the worm bin. "To me that was a ridiculous amount of money at the time," he says. "I was committed to it. I had taken people's money. Once I did that I had an obligation to make it work. I believed in the concept."

He dropped out of Princeton in 2002 to follow his vision.

Of all the forthcoming TerraCycle products, Mr. Szaky is most excited by a line of computer speakers and computer paraphernalia made from waste. "They're different, they have a high level of innovation," he says. "These required a new process to make them, which is what I really like to make."

To produce its products TerraCycle has redefined the notion of waste. Mr. Szaky adapted his original business plan to consider all waste as raw material for consumer products. The sheer amount of garbage means TerraCycle is blessed with opportunity.

"I'm expecting the company to evolve," Mr. Szaky says. "But I'm conscious of making sure it's a good one and not one that creates something we're not happy about."

The 26-year-old is in demand as a speaker, and he gives frequent talks to business executives and students. Telling TerraCycle's story, he's learned it resonates, and he believes others could potentially learn from it. "I love it and I enjoy it," he says. "It's a great honor to share it with other folks."

TerraCycle has emerged as a success. But if the company had failed, would Mr. Szaky have taken that investment-banking job?

"I hope I would have started a different company," he says.

Would it necessarily have a green bent to it?

"I wasn't an environmentalist going into this. I realized it as I was building TerraCycle."

Tom Szaky, founder of TerraCycle, will discuss his book, *Revolution in a Bottle: How TerraCycle is Redefining Green Business*, at Labyrinth Books, 122 Witherspoon St., Princeton, May 14, 5:30 p.m. Free. [www.terracycle.com](http://www.terracycle.com)