

Hyper Local Shredding with Dave Bixler
The Shred Coach Podcast Transcript

TOM

Dave Bixler. Welcome to The Shred Coach Podcast. We're glad you're here.

DAVE

Thanks for having me, Tom. I appreciate it. Look forward to talking to you.

TOM

Yeah. So, let's set the context. Give me some big picture details about Veteran Shredding. Tell me a little bit about the history, the story. Give me some of that, let's start with, where are you located?

DAVE

We're located in a suburb of Minneapolis and St. Paul, city called Burnsville. We're about 30 miles from downtown Minneapolis, small suburb, right across the river. Pretty good-sized suburb. There's about seven or eight of them around south side of Minneapolis and St. Paul. So, we're located one, it's actually just south of Minneapolis and St. Paul.

TOM

Got it. Okay. How long have you been in business? Tell me a little bit about Veteran Shredding. Give me an indication because Veteran Shredding implies something veteran. Tell me a little bit of the story.

DAVE

Sure. When I was exiting the military, or thought I was, I was entertaining starting another business and I researched everything and anything. And somehow document shredding stuck to me and I was really intrigued by it. Did a lot of research regionally, nationally, and recognized real quickly that there was a lot of big operators. And there was a few small operators and I found them to be very similar to the garbage industry regarding how they build them up and then the big guys buy them. From my research, that's what I found. So, I started this in around 2010 and everything from went to shred school, then I went to the first NAID convention and started just doing some investigating and such and really came out of the NAID convention recognizing that I needed to do this.

TOM

Hm, interesting.

DAVE

Yeah, so then I hired about two consultants to do some research and to be per se, the devil's advocate, making sure that I wasn't seeing- I wasn't blindsided by what I thought was a great opportunity, as opposed to what they may see.

TOM

Right.

DAVE

Both consultants recommended that I do not get into the industry.

TOM

Really? That is so interesting.

DAVE

Their research showed that the market was saturated and that there really wasn't an opening for a small company. And remember, now this was back in 2010, so we weren't in the geopolitical environment we are now where security system is, you know, it's such a high... so as far as that, I went ahead, did some research, met with the truck builders up in Canada, went met with someone out in the west coast, started looking at a website and had myself a mentor who was introduced to me I believe by one of the truck builders. And we took possession of our first truck in, I want to say around April of 2011.

TOM

Wow. That's so cool. So, you vehemently disagreed with the consultants and decided to get into it anyways. You buy a truck in 2011, you got a truck on the road. So, fast forward a little bit for me. Currently, are you purely a truck-based business? Is that what you operate?

DAVE

We are, we have three trucks. Two are mobile, and one is a dock truck. We purchased the dock truck because we had some customers in downtown Minneapolis that would not authorize us to shred on site because of the noise and the ordinance. So, we found out real quickly that if we wanted to work with the big banks... so we have, we got two mobile shredding trucks and one dock. We are 95% mobile.

TOM

Got it. Okay. And do you do ancillary services, any other kind of services you offer? Are you doing hard drives? Are you doing scanning? I mean, people do all kinds of stuff in this industry. What's the peripheral stuff?

DAVE

So, the peripheral for me is hard drive shredding. I was connected with a company in the middle of the country somewhere that was purchased by Shred-It and they had just purchased a brand-new hard drive shredder. So, I went down and purchased it and brought it back and it's been nothing short of a perfect scenario, a perfect fill-in for document shredding. It is not mobile. It's plant-based. I actually thought I was going to try to make it plant-based. But then then I realized that the machine I bought was so large, I would have had to drag a generator behind my truck to power it. So, so we quickly went from thinking that it could be mobile to strictly plant-based.

TOM

Got it. Okay. Sweet. Currently, roughly what's your full-time equivalent and staff right now? How many people a part of this system?

DAVE

Three full-time employees and seven part-time.

TOM

Wow. Okay. Big part time crowd.

DAVE

Weekends. A big help for weekends with shred events and also the part-time people are a big help for me to dump the trucks after-hours.

TOM

Got it. Okay, interesting. So, we've got a lay of the land. We've got an understanding you've been in this business for over 12 years or so now. But the focus of the podcast, as you know, is a specific strategy, tactic, implementation, thing that you've done that's made a significant impact on your business. So, what's yours? What's been one of those things you've done that's really had a profound effect on the business?

DAVE

So, when I started the business, I didn't have one customer. Okay, I didn't have one customer. And because you can't go out and get customers with the notion that, "Hey, I'm going to buy a truck, you know, sign up". One of the things that I didn't want to do, I already, I owned a property management company and I knew what entailed when you have to drive in the city. So, I- my business model was to stay local. To stay within 30-mile radius of my facility. In the beginning, we took almost anything that became available and that furthered my belief that we want to keep this really a tight circle around the radius of where my facility is.

So, in the first year we took everything and anything and we were predominantly purging, got my feet wet a little bit. And then I knew that this was for me. I recognized the fact that if you offer something with a niche market, in other words, we were available the day the customer

called, of course, because we didn't have any customers. So, the phone rang and we went out. Now that's risky, but what else are you going to do until you get customers?

And 2011 we had started off with about seven customers after having a truck. And most of those people were customers that I had a relationship through another business, and we just went on and persevered and pretty much took everything ad hoc. In other words, they would call and they would say, "Hey, we need you now", we would go on it. So, for about 12 months, that was our bread and butter.

TOM

So, the focus was everything in your backyard within 30-mile radius. So, let's not try and cover the world. Let's try and cover a backyard. And then anything that showed up, take it that day. Like, just get it done.

DAVE

Correct. Correct. And the mileage thing wasn't a big deal because I kind of alluded to the fact that, listen, these companies have other businesses that are local to us, but right now they only need us, say 60 miles away. We would never go farther than 60 miles. We never did. Randomly, we would go 40, 50 miles. And at that time, Minneapolis and St. Paul was undergoing a massive highway infrastructure change. So going through Minneapolis and St. Paul was painful, very, very painful. So that pretty much cemented my initial thought of, we're going to keep this local. We operated at what they call a seven-county metro area, Minneapolis, St. Paul, pretty much being dead center of that. We were basically trying to stay south of Minneapolis and St. Paul.

TOM

So, the focus is local, but you've defined your local area. You're willing to make anomalies as required, but that local focus really forced you to... what then? How did that begin to after your first year from seven customers? What starts to happen then, based on that local orientation versus trying to be everything to everybody in greater Minneapolis?

DAVE

Yeah, that was the key. We recognized that we could not be everything to everybody. Large jobs with one truck can turn out to be a nightmare. And then, you know, you have to entertain the fact that when you have one truck, a breakdown can just annihilate everything and upset the customer base and put you in a bad situation. So early on, I recognized that having one truck, even though it was fiscally responsible, it was a train wreck if the truck broke down. So luckily in the beginning we had so many- most of our customers were calling only versus on a schedule, we were able to get past that. And at that point, I believe we were at year three that I realized it's time to get that second truck and eliminate that Friday night breakdown. Which by the way, the trucks always break down on a Friday night. Just the way it is.

TOM

Which makes the rest of your life miserable. And then you have other breakdowns, you have personal and emotional ones. Undoubtedly.

DAVE

Yeah. So, by keeping the customer base close and I mean, we were talking, we're talking no more than 20 miles from the warehouse where I'm in now, it allowed us to do a lot of pickups in one day.

TOM

I bet. You know, historically in this business it's been about density, but so many people I find when I see and observe them, they've got 16-hour routes that are going out to the middle of nowhere. And your whole focus right off the bat was stay local, stay consistent, stay responsive. And it's proven something for you, obviously. So, as you've grown, so you're now into 12 years or so, has that local focus remained part of the system? Have you kept that spirit?

DAVE

We have, we really have. With all the traffic and the highway construction Minneapolis and St. Paul four years ago, I flat out turned down every single job in Minneapolis and St. Paul that was a regular shredding service. We'll go in there for a purge, but we will not go in there for a regular shred. And that is today to this date, we still will not go into Minneapolis and St. Paul.

TOM

Interesting. My gosh. That's interesting.

DAVE

And the reason being is I went downtown and I took my stopwatch and I saw all the other shredding companies, and I noticed that they are at building sometimes for two hours, just because of lack of parking and having to use the freight elevator to go upstairs. And that, then I realized that I don't even want to go there.

TOM

Right. So, I mean, what I'm hearing you say is there's the time, but there's the economics too, because generally downtown, undoubtedly, is going to be pretty competitive. So, you're paying for time. You're paying for... you're having to price that at a fairly aggressive level. So, you're actually producing for yourself ROI just on that decision.

DAVE

Oh, absolutely. Absolutely. And you know, there's other hidden costs that you don't recognize. The inside the beltway of the city, they charge- they require higher insurance amounts to be inside the buildings because the buildings are, have a higher value. And some of those insurance amounts were astronomical to the point where it would have taken the eight or nine customers in

there to basically quantify or have a good reason to even entertain the job. Cause the insurance increase was so much.

So, that coupled with the traffic, the downtime, the lack of parking, to me it was a no brainer. Don't bother going in there and let the other guys play in there. I wanted nothing to do with it. We've stuck to it and we get probably 10 calls a week on it. And the people that call us actually understand and say, no problem. And I tell them, listen, if you have a purge, we'll be more than happy to come down, but we're not your team if you want a weekly shredding downtown Minneapolis.

TOM

My gosh, you are so counter-culture in that. Have you learned anything else as a result of this stay-local decision? No recurring in the major downtown area because of time, cost, expense related... has anything else sort of proven itself from this philosophy that you've taken? What else has that done for the business?

DAVE

Well, by the mere fact that we stayed local, I joined some of the chamber of commerce's in the cities, the counties that I work out of, the three main counties, which are the cities. So, we're members of the chamber. We do a lot of advertising with them. We do shred events for them. And the fact that we now can label ourselves as locally owned and operated, it's true, we're locally owned and operated. And people tend to like to do business with companies that are in the same chamber or in a very close, local area. It's just, they know that the trucks are here and they can, you know... so we have found that it builds a better relationship with our customer base. They're from the city, same city, we're in the same city. We're not that large of a city. But it worked out really well. And we are, we're members of two chambers and they're fairly large. And I would say more than half of our customer base is from those two chambers.

It just, you know, then when you would go to the meetings, we go to the little monthly meetings they have, it gives me a chance to thank the customers and shake some hands and get to know more local businesses.

TOM

Yeah. That's really interesting because when people think about local, especially when you're in proximity to a large city, it's very easy to assume that the big city is your location as opposed to the small suburb or area related. And it feels like that has given you leverage that- if you're trying to fight somebody who's playing the whole city, like you're winning on that little, I mean, in a military way, you're like winning the battle. Like you're winning that local battle all the time.

DAVE

And another thing to keep in mind, we're in the twin cities of Minneapolis and St. Paul. November, December and January and February are snow months. If you think that traffic is a problem during the summer, throw in the snow and going downtown you're going to get landlocked and you're going to get locked down there. And you know, it's not like you can just

keep on driving until 7:00 PM. The businesses aren't open. It's kind of twofold problem that you're locked in the inner city with all the traffic and then you have this bad inclement weather and it's just, it makes it even more difficult. So, like I said, to stay out of the twin cities for us is a good fit for our business model.

TOM

Yeah, so interesting. You know, if you're talking to another shred operator, somebody who runs their business and they're in a smaller market, what would you say to them? They're in a smaller market, like you, related to this larger one. How would you, what would you encourage them? What would your advice be?

DAVE

Be patient. If you're in this for the long run, be patient and be cautious of taking the immediate, you know, customer that might be farther than you really want to go. And what happens then is when, if you do take those customers, let's just use a number of 80 miles, and you take them to get them, then all of a sudden, your local customers come in, now you know every time you're driving out there, you're losing money because your trucks on the road, you know, 80 miles out and 80 miles back. Obviously, we all know about today with the fuel prices, right? It's even that much worse now that you're- not only are you losing time, but now you're paying a lot more money because of the cost of diesel fuel.

TOM

Yeah. Yeah. Well, it's interesting because one of the questions for me about these strategic decisions we make is what's the impact and the value. And, I'm trying to process that in my head. And I go, well, probably just in the last six months the sheer savings that you've made by being a locally focused company, just on fuel let alone driver time and all of that kind of stuff, just being local has probably saved you thousands of dollars.

DAVE

It has, it really has. I can tell you that the earlier years when we were doing those longer runs, I keep track, you know, obviously we keep track of all our fuel costs and we've not only brought our fuel costs down, but now they're consistent.

TOM

Wow.

DAVE

We don't have that zigzag fuel costs that it's hard to budget for. Now with the very consistent fuel costs, we go through about the same amount of fuel, obviously now with the costs it's more money, but let's hope that's temporary. And if it isn't, it'll still be consistent at least. It's just going to be more expensive. So, anyone that knows when you run a business, consistency is nice for budgeting and forecasting.

TOM

Right. No, that's really good. So, I love this. I think it's such a cool idea and it seems so counter culture in a way, because there's this thing about get big, get big, go everywhere, and yet what you've done is carved out a really cool niche I think, in terms of saying let's be local, let's be the dominant local force which also impacts your value proposition in terms of just profits in the business which is pretty powerful. Do you have any other value propositions to add to this perspective?

DAVE

Our model from the very beginning was stay local and offer the absolute best service you can with a guaranteed satisfaction. A lot of companies won't do that. The big ones can't do that. Our motto is if you're not happy with our service, you don't pay. And I'm proud to say that that's happened less than five times in 11 years.

It's so difficult, when you're doing purges, it's so difficult when people want a window of one hour. It's not practical. It's not, it's really not practical. What we see a lot of is the customer that says I have a hundred boxes. We block them out for 45 minutes and they have 500 boxes. So, we have two options: we can upset the customer that has more boxes than they have and tell them we have to leave at a certain time, or we upset the second customer who's expecting us in the window that we promised them. It's a dilemma that you got to try to win and make a contact call right then and there and decide what you can do to keep everyone happy. But that's our biggest dilemma. But the fact that we're keeping it local makes it a little bit easier because we don't have that one-hour drive from customer one to two and three.

TOM

Right, no, it's so good. So good. Love it. Love it. Well, thank you that's really helpful. It's a helpful perspective and I appreciate you sharing it to us so eloquently, because it really helps to make sense for anyone else trying to get in the business, trying to start up in competitive markets. It's big fish, small pond. I love the concept. So really cool.

I got a completely random question for you. What's a jet yard and what's the solution? I was digging into your LinkedIn account and man, jet yards and solutions. So, what the heck is that about?

DAVE

So, when I was in the military at the end of my career, I was doing aircraft disassembly and part outs and such. When I retired, a friend of mine started a company and I worked with him and I didn't expect to be there very long. Well, I've been there now for eight years. And what we do is we work with the aircraft boneyards down in Arizona. We have two of them. And we basically take care of aircraft that we call End of Life Solutions.

TOM

Wow.

DAVE

So, with aircraft, Tom, just like your car, your car, when it's at its end of its life, some people may part it out and sell the engine and the seats. Right? That is paramount in aviation. The parts are worth hundreds of times more than the aircraft. They pay us to part the airplane apart, and then we recycle the aircraft and then we called End of Life Solutions

TOM

Interesting. So, a jet yard is kind of where the plane goes to die, but the solution is you pull it all apart, and so not only are you in the shredding business, you're in the pulling apart old airplane business.

DAVE

And you know what the best funny thing about it is? At the end of the life cycle, the aircraft gets shredded. And it's all about recyclability, just like it is with paper. We try to recycle everything on the hard drives. We try to recycle all the paper, using the proper methods, using the NAID certification locations. We have this similar certification in the aviation world where it's about trying to be as green as possible to never put anything that doesn't require it to go into a landfill. That's the bottom line right there.

TOM

So interesting. One of the things that just blows me away about talking to people in our world is, behind the shredding operation there's lots of other interesting things. I've never met anyone else in the jet yard solutions business, so that's really cool.

Dave Bixler, it's been an absolute pleasure. Thank you for sharing your wisdom, your experience, and giving us this really cool insight today and really nice talking to you. I appreciate it.

DAVE

Thank you, sir. It's always a pleasure and I hope to run into you again sometime soon.