



Turn the Trash into Cash

There is no such thing as waste for TerraCycle, a company that uses garbage as raw material for its entire product line

INNOVATION

Using the insight that people are willing to pay a premium to help dispose of their garbage, TerraCycle built its for-profit business model on manufacturing products out of waste

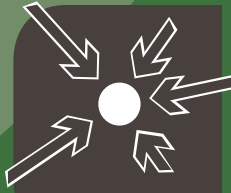
SUSTAINABILITY

Reusing waste as raw material reduces both the amount of virgin materials needed for manufacturing as well as the resources ending up in landfills

RESULTS

TerraCycle doubles its revenues every year and is expected to hit \$15 million in 2009

The company offers more than 50 different products in the US, UK, Mexico, and Brazil



DRIVERS

FINANCIAL TIPPING POINT:

Skyrocketing landfill costs and improving recycling technologies suggest a growing opportunity in garbage management

CLIMATE CHANGE:

Changes in the weather are already noticeable, alerting customers and quick-moving companies to the value of reusing natural resources

LEADER'S VISION:

While studying at Princeton, founder Tom Szaky saw that the garbage business will be the next big thing and decided in 2001 to drop out to found his own company — he has managed it ever since



BARRIERS

RAW MATERIAL SUPPLY:

TerraCycle had difficulty finding a legal and financially viable sourcing model — its initial goal to take the initiative to collect waste materials from neighborhood garbage sites turned out to be illegal

NO SACRIFICE:

Although consumers regard environmental issues as very important, they resist raising prices and sacrificing performance in order to make a particular product greener

INITIAL FUNDING:

Due to a dispute about the company's business plan, the founders refused \$1M in initial funding from investors — this threatened the company's viability as they couldn't buy packaging for the first products



ENABLERS

INVOLVE ALL STAKEHOLDERS:

Green-minded communities send their waste to TerraCycle or drop it off at partner stores, providing low cost raw materials — the collection programs are also sponsored by product manufacturers

NICHE MARKET:

Using the discharge of worm - fed organic waste created a competitively priced, premium product that could serve as the first product line of the company without requiring a large initial investment

RECYCLED PACKAGING:

Making both the product and the package from garbage (e.g., empty soda bottles & misprinted cardboard boxes) lowered production costs



IMPACT

PARTNER COMPANIES:

Innovative reuse of non-recyclable garbage motivated major original manufacturers — Capri Sun, Frito-Lay, Kraft, Wrigley — to partner with TerraCycle

EXTERNAL:

TerraCycle's 50+ products are being sold in major stores in North America — revenues are doubling annually and the products and ideas from the company attract continuous media coverage

COMPETITORS:

TerraCycle has the first-mover advantage in the mass production of garbage-based products — garbage suppliers partner with TerraCycle to enter this market



WHAT'S NEXT?

TerraCycle is currently expanding its operations to the UK, Mexico and Brazil. Eventually, the company aspires to be the Procter & Gamble of garbage, aiming to eliminate even the idea of waste by reusing everything possible.