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SCIENTIFIC METALS:  
**ONE GIANT LEAP FOR REFINING**



## SCIENTIFIC METALS' LEAP OF FAITH

Flying in the face of industry practice, Scientific Metals launches a bold strategy of direct refining with no sales reps and no personal office visits for dental scrap. Why does such a bold move work so well for dentists?

Consider that if you could simply melt down the contents of your scrap jar and put the gold straight into your safe, you would, right? After all, why pay a refinery, let alone a salesperson?

Traditionally, your two options were usually either to sell your scrap for cash or have a local refinery rep pick it up at the office. However, cash offers are usually very conservative in order to account for uncertainty, while the second option may have left you wondering how much of the pie you were left with after everyone involved in the transaction "got their cut."

Scientific Metals offers dental professionals a more efficient solution. They have no sales reps or middlemen and cut overhead to the bone, leaving the lion's share for you. *The Profitable Dentist* spoke with Dave Weinberg of Scientific Metals to get a peek into the status of the refining industry and how they are redefining refining as we know it.

**For years, the scrap refining business was dominated by either guys stopping by the office weighing and paying or by local refinery reps stopping by to pick up the scrap to have it shipped for processing. Scientific Metals does neither. Why?**

**D. Weinberg:** We heard from dentists around the country who questioned the amount of money they were receiving for their scrap. They felt that with in-office

cash payments, they were leaving money on the table by selling for cash to a middleman or that too many hands were in the scrap cookie jar – meaning too many people were getting a cut of the value – leaving the dentist with less than a stellar return. As a result, we made a strategic and philosophical decision many years ago to completely revamp our business model to address this. We felt if we could considerably lower our costs somehow, we could then begin to deliver a scrap return that no one could match. And so we took a big risk and did what other refining companies laughed at. We decided to go with a direct refining approach without ANY sales reps, commissioned or salary based.

**I hear you have a name for this new strategy. Can you share that with us?**

**D. Weinberg:** We refer to this model as the Amazon.com of the refining industry. Why are books and TVs cheaper on Amazon than in the big box stores? Simple, Amazon has less overhead and can therefore have better prices. The same applies to refining – less overhead equals better prices, which in the refining world means higher scrap returns.

**Wow. That's a big risk you guys took. While everyone is clamoring to get their foot in the dentist's door, you were clamoring to get your feet out of the door.**

**D. Weinberg:** Ha. That's an interesting way of putting it, but yes, we wanted to do everything we could to radically alter the way scrap payments were returned. And I think we did.

*"Everything we do is centered on cutting costs to the bone in order to deliver the best and most accurate scrap returns to our customers. That means no reps, not sending out jars and brochures to every dentist and not being a fixture at every dental show across the country. After all, the precious metals belong to our customers, not to us."*

**Dave Weinberg**

**Is it just labor costs that you have tried to cut in order to stay lean?**

**D. Weinberg:** No. Not at all. It's a philosophy that permeates every part of our company. Everything we do is centered on cost savings, which means we do not send out scrap collection jars across the country, nor do we send out brochures to every dentist in the country. We also don't attend very many trade shows. All of this is for one reason and one reason only – lower costs for us translate into great scrap returns for our customers.

**You mentioned that others in the industry scoffed when they heard you would not be offering in-office, personal pickups. But how did the dental world respond to this approach?**

**D. Weinberg:** The strategy has been an overwhelming success. Dentists will take higher payouts and give up a physical office pickup by a refinery rep any day of the week. I think Woody Oakes nailed it when he wrote in one of his articles "many dental products demand and justify a reliable and knowledgeable sales rep for technical and customer support, etc. – many pieces of equipment and software immediately come to mind. But dental scrap refining is not one of these."

Oh, plus I don't think dentists really care whether a rep picks it up or a FedEx driver picks it up. One could argue that the FedEx driver is actually more convenient and less intrusive on the day's activities.

**Don't you guys sometimes get tempted to get some reps on the road to spread your message?**

**D. Weinberg:** Yes. But that's the discipline. First of all, our message is "no reps." So hiring reps to spread the



Founder Mark Weinberg watches over a melt

message of no reps would be kind of interesting (chuckle comes across the room). But in all seriousness, hiring reps means adding costs and overhead which means undermining our overall objective of cutting costs to the bone to deliver the exact percentage return we say – each and every time.

**Are there any drawbacks from the company's point of view of not having any sales reps on the road?**

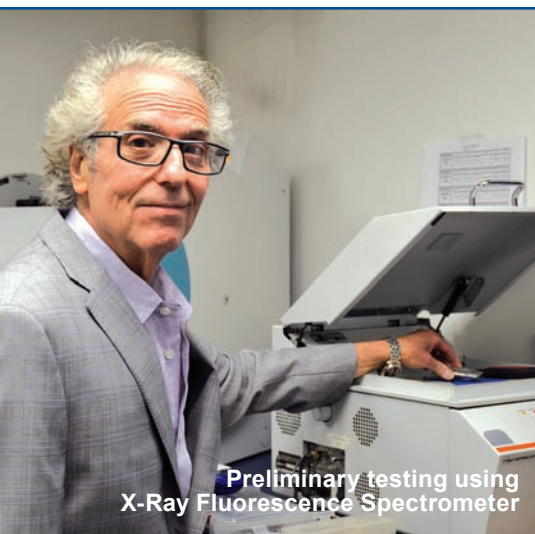
**D Weinberg:** Not constantly being in the dentist's or assistant's ear means we have to rely on other avenues to communicate our philosophy. And of course, not being physically present in areas means we are going to understandably sacrifice quantity (number of customers). But we are more than happy to give up quantity and, in return, have each and every customer feeling that they received an accurate and reliable scrap return.

*"We felt that if we could considerably lower our costs somehow, we could then begin to deliver a scrap return that no one could match. And that's exactly what we did"*

*David Weinberg*

*"In many cases, the benefits of a sales rep warrant higher costs. However, the evidence here strongly suggests this is not the case when it comes to dental scrap refining."*

*Dr. William "Woody" Oakes*



## 3 Tips To A Better Return

**1) Do not sell your scrap for cash.** It has been reported that dentists may be receiving as little as 30-50% of their scrap value as a result of the deeply discounted in-office cash spot transactions. It is nearly impossible to accurately determine the precious metal content with just a visual inspection. As someone pointed out very humorously, "For door-to-door scrap buyers to tell you precisely the precious metal content of your scrap, they'd need a furnace and refinery in their briefcase."

**2) Study the business model of prospective refining companies.** How many people are getting a cut of your scrap return? Does the refining company have to pay out commissions to anyone from your scrap return profit or are you getting to bypass that step? Is the refining

company having to pay a finder's fee or split to 3rd party reps who brokered the deal? For any batch of scrap larger than just a few crowns, direct shipping to the refining company with the most economical business model may prove beneficial to your bottom line.

**3) Don't be lazy.** Choosing a company to send your precious metal scrap to is a serious choice and should not be taken lightly. You should conduct your due diligence and not just hand over your precious metal scrap to the company whose jar is sent most often to the office or whichever company knocks on your door most frequently. Go with who your colleagues have had success with and ask questions.



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