

Scrapping Profits?

Scientific Metals: Leading the Way in Dental Scrap Refining

by Dave Weinberg

Does it seem that every week a travelling salesman stops by your office asking to buy your scrap metal? Perhaps that is followed by him asking if he can simply give you a quote and then proceed to weigh the scrap, dividing the scrap into “yellow-looking” and “white-looking” metal, all culminating in a cash offer on the spot?

Or have you found that it seems companies which have traditionally only sold general dental merchandise have now suddenly included refining as part of their menu of services? Or do you find that every week a scrap collection jar from a company seems to arrive in your mailbox?

If these scenarios sound familiar, you are not alone. While these options may seem convenient and attractive, there may be a steep price paid. Dentists can best ensure an accurate and fair return on their scrap metal by considering a direct relationship with a precious metal refining company.

Here are some important elements to consider when selecting a refining partner

1) Avoid Cash Settlements In Office – It has been reported that dentists may be receiving as little as 40-60% of their scrap value as a result of the deeply discounted in-office cash spot transactions. In the past when most dental gold used was approximately 16 karat and yellow in color, the process of visually inspecting the scrap and placing a value on it may have been acceptable. However, with the emergence of PFM's (porcelain fused to metal), move toward other noble “white” alloys such as palladium and silver, and the increasing presence of non precious alternatives, visual inspection and accurate evaluation of your scrap has become extremely difficult and nearly impossible.

For example, is the “white-looking” metal on that PFM restoration palladium worth over \$600/oz, or is it silver at \$29/oz, or nickel which is essentially worthless? Well, your guess is as good as that of the travelling salesman inspecting it in your office.

Furthermore, even the “yellow-looking” crowns now have a broad range of gold content, again making visual inspection extremely difficult. For example, is the gold crown in the pile comprised of 61% gold, 44% gold, or 27% gold? Again, very difficult to determine based on a visual inspection alone, even with crude measuring techniques such as acid or other jewelry testing devices. As a result of the difficulty in qualifying and quantifying

your scrap value, the cash offer is usually very conservative.

2) Business Model – How much of your scrap value is actually being returned to you and how much is going to pay the company's overhead and marketing budgets?

Perhaps an often overlooked consideration when choosing a refining company is the company's business model. Is the company you are considering adhering to a business model that allows them to have competitive scrap returns? Specifically, does the company have a lean business model that cuts out the “fat” – allowing them to deliver competitive scrap returns? OR is the company weighed down with numerous levels of expenses, sales reps, and marketing material – essentially forcing them to recover those costs in some manner?

The same reason you will find an engagement diamond online at a lower price than an identical one found in a retail store applies here as well. Just as the retail store needs to charge more to cover the employee salaries and rent, the refiner with the most overhead (biggest cost input is usually its labor force) may need to essentially charge more to recover its costs as well. For small amounts of scrap (a few crowns here and there) the convenience of having someone pick it up may not be costly; but for larger amounts of scrap, direct shipping to the refining company with the most economical business model may prove beneficial to your bottom line.

3) Fees

A) It is important to not focus solely on the fees that a refiner “promises” to charge you. What is important is how much you get back from the refiner after all fees. In other words, you might encounter a situation where you actually get back less money from a refiner who has the lower advertised fees. It's all about trust and integrity. So it is important to not get preoccupied with small differences, such as deciding to go with a refiner just because of a waived assay fee or other fee. Again, it's all about trust. The only deciding factor should be how much money you get back after it is all said and done.

B) There are “Fees” and then there are “Charges.” It is crucial to know that a company's refining fees may not be the only item that would reduce the final amount of money you receive. Specifically, ask about the company's accountability charges, which represent the percentage of

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metal recovery that the refiner keeps as one of its fees. While the accountability charge may not technically be a "refining fee" per se, it still significantly affects the bottom line you receive. In some cases, a company's accountability charges may actually translate into a dollar amount as much as two times that of its advertised "refining fees."

3) Reputation and Expertise – 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. Some questions to ask might include:

- Are there any dental associations or groups that work or endorse this refining company?
- Have there been any articles or stories written in dental journals on the refining company? Have there been any case studies written in any dental magazines or journals about the company?
- Have you had any colleagues who have used the company's refining services?
- Does the refining company offer a settlement or refining report?
- Does the refining company offer free shipping with the ability to track your shipment?
- Does the refining company offer flexible payment options including check, wire, or gold/silver bullion?

4) The Easy Road is Not Always The Better Road

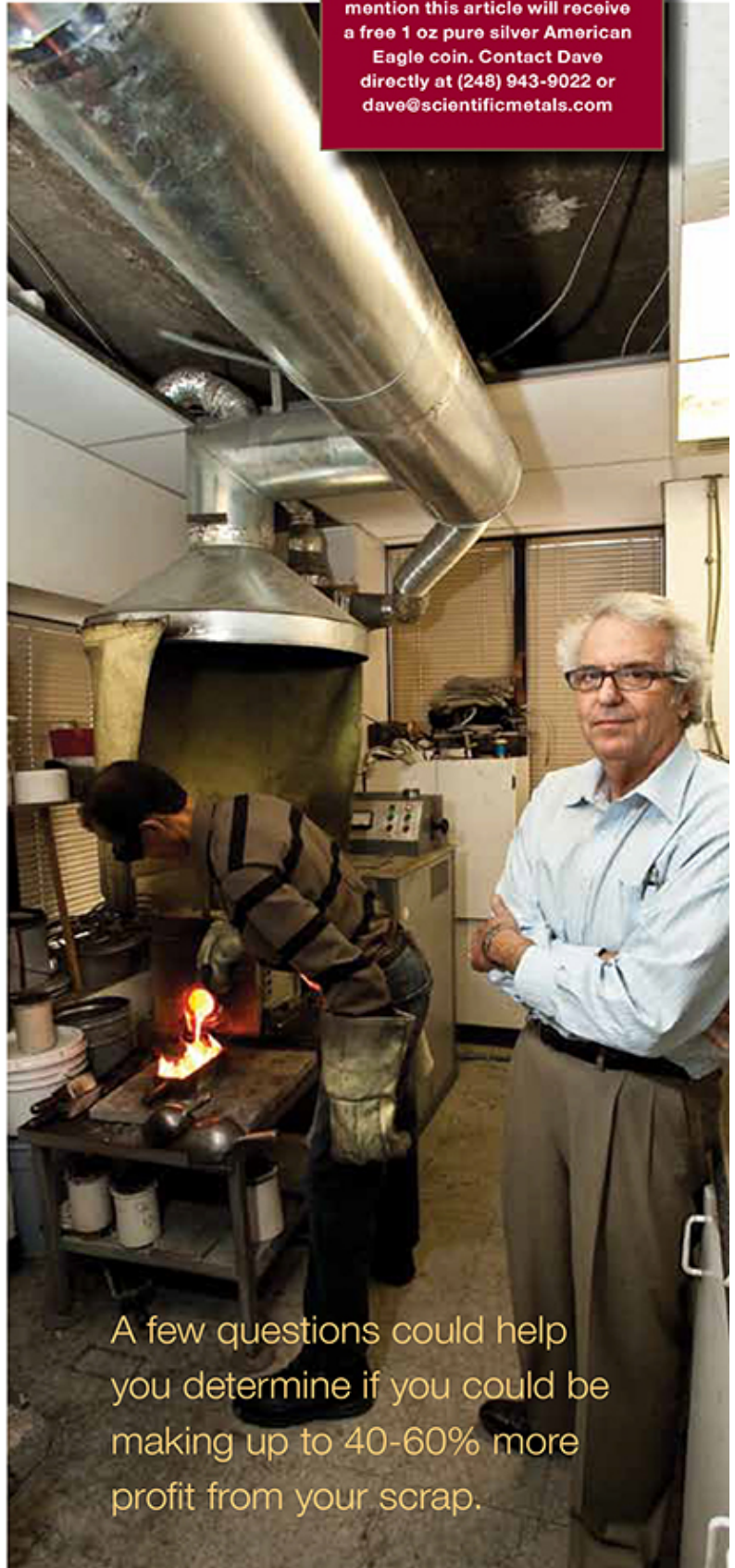
A) Profitability - With metal prices being at near historical highs, it is crucial that you follow the most profitable avenue and not necessarily what seems to be the most appealing at the time. Specifically, while it may be easier and more convenient to simply submit your scrap to an alloy manufacturer or to your general dental supplies rep, this may not always be the best option for your bottom line.

B) Timing – Be wary of an immediate or astounding quick turnaround time. Promises of a check within 24 hours or even 1-2 days should be looked at carefully. Super fast turnaround times may indicate that your lot is not being 100% sampled and melted but rather estimated or melted together with many other customers' lots. Typically it takes up to 10 working days to fully process and assay a lot of scrap to determine an exact settlement figure.

Ask questions, think carefully, and choose wisely.

Happy Scrapping!

Dave Weinberg is one of the principals of Scientific Metals. Dave has written extensively on dental scrap metal refining and has consulted thousands of dentists around the country on precious metal issues- both scrap refining and investment issues. Contact Dave directly at (248) 943-9022 or dave@scientificmetals.com



A few questions could help you determine if you could be making up to 40-60% more profit from your scrap.

An Inside Look At... *Scientific Metals*

When Mark Weinberg saw his friend go door to door purchasing old crowns and bridges from dentists, he asked his friend, "What do you do with the scrap?" His friend responded that he was the middleman; he sent the scrap to a refiner and the difference between what he received from the refiner and what he paid the dentist for the scrap was his profit. So Mark asked his friend why dentists just didn't send the scrap directly to the refining company and skip the middleman, to which his friend responded, "I have no idea, but I am glad they don't."

After hearing that, a light went off in Mark's head. Why not invest in equipment and resources, process the material ourselves and allow the dentist to go directly to the refiner and skip the middleman? To Mark, this was a value-added proposition to all dentists who wanted the most accurate and highest possible return for their scrap metal—Scientific Metals was born.

In what they call the Amazon.com of the scrap metal industry, Scientific Metals has changed the landscape of the scrap metal recovery industry. Similar to the way Amazon.com passes on its cost savings to the customer by not having bricks and mortar (i.e. stores), Scientific Metals passes on its cost savings to the dentists in the form of great scrap returns by eliminating our version of bricks and mortar – labor.

Scientific Metal's driving strategic focus is on having a unique and unrivaled cost structure, centered on dentists bypassing the traditional broker, middleman, or rep, and simply scheduling a pickup by phone or online, thereby receiving great scrap returns. Their cost savings mean better scrap returns for customers.

5 Things to Know About Scientific Metals

1) **Reputation-** Scientific Metals has several affiliations and partnerships with prestigious associations and is the endorsed refiner for members of the New York State Dental Association, Florida Dental Association, Connecticut State Dental Association and Wisconsin Dental Association. Additionally,

Scientific Metals has an approved refining program for members of the American Association of Oral and Maxillofacial Surgeons (AAOMS) and has an Affinity Precious Metals Program with the American College of Prosthodontists (ACP).

2) Scientific Metals has been the **only precious metals company ever featured on the cover of *Dentaltown Magazine***. *Dentaltown Magazine* says that Scientific Metals "has put a new dent in the scrap metal recovery industry." Scientific Metals has also been profiled three other times in *Dentaltown* and been featured in *Dental Lab Products Report* twice.

3) **No reps to share profits with** – For most companies, including refining companies, the largest cost input is labor. Scientific Metals has eliminated its sales reps – drastically reducing its costs, allowing them to pass on savings to their customers in the form of higher scrap payments.

4) **Cost Structure** – You won't see Scientific Metals at every dental trade show nor will you see their scrap collection jar in your mailbox every month. The reason is simple. Lower costs mean higher scrap returns for the customer.

5) **Every dentist deserves a fair and accurate return on their scrap** – Unlike the middlemen who stop by the office and pay based simply on the weight of the material and separate it into the "yellow-looking" and "white-looking" metal, Scientific Metals will melt and chemically assay your scrap all under the same roof.

Want more information?

Call Mark Weinberg or David Weinberg 888-949-0008 or go to www.scientificmetals.com if you would like a FREE scrap metal consultation.

