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Recycled cellphones help drive Third World wireless boom

Posted 8/20/2006 4:01 PM ET

By David N. Goodman, Associated Press

DEXTER, Mich. — With the number of cellphones in use worldwide hitting 2 billion and rising, recycled phones are playing a crucial role in the spread of wireless communications across the developing world, where land lines can be costly or unavailable.

The odds are good that a refurbished cellphone in the pocket of a user in Bolivia, Jamaica, Kenya, Ukraine or Yemen originated with [ReCellular](#). Based in small-town Michigan, ReCellular gets 75,000 used phones a week — most collected in charity fundraisers — and refurbishes them for sale around the world.

ReCellular has more than half the U.S. phone recycling business. Executives say they are doing well for themselves as well as for the March of Dimes and other national charities that benefit from the company's purchase of donated phones.

"The fact that you can combine a business — a profitable business — with a useful service and a charitable good is a win, win, win," said ReCellular Vice President Mike Newman, 32.

Charles Newman, Mike's father, founded the company in 1991 after decades as an entrepreneur in the retail computer business.

That year, there were about 16 million cellular subscribers worldwide, according to the International Telecommunication Union. By 2005, that number had grown to 2.14 billion, outstripping the 1.26 billion land lines, the group said.

When ReCellular opened for business 15 years ago, it handled 300 to 400 cellphones a month.

"If we're not doing that many in a few minutes (now), we're having a bad day," Mike Newman said.

With Americans trading in their phones for fancier models every 18 months on average, the supply of used but perfectly functional phones is enormous, Newman said. Millions, however, end up sitting in drawers or closets because people don't know what to do with them, he said.

"Most people would be glad to donate them if they knew they could," he said.

ReCellular outgrew its home in Ann Arbor in 2003 and moved to an industrial park in nearby Dexter. The village of 1,700 is 40 miles west of Detroit.

The company has a workforce of 250, 200 of them local, and again finds itself bursting at the seams. Revenues of the privately held company, about \$40 million last year, are shooting up as well, he said.

"We're on track to jump 67% this year," said Newman, who found himself drawn to the family business after working as a Washington lobbyist for the Sierra Club and then for Al Gore's 2000 presidential campaign.

ReCellular's loading dock gets a flood of phones, some arriving in charity group's individual mailers and other in large boxes from companies such as Sprint, Verizon and T-Mobile, which then donate the revenue from the phones to charities.

Work crews separate the phones from the "spaghetti" of non-reusable wires and cords that are set aside for recycling. The phones are sorted, tested, fixed and packaged by model for resale.

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ReCellular handles about 500 phone models. About 60% of the phones that come in are reusable. The rest are used for parts or sold as scrap.

"We squeeze out as much value as possible," Newman said.

The refurbished phones sell wholesale for about \$17 to \$18. Retailers sell them for \$40 or less, he said.

ReCellular has about 53% of the used cellphone business in the U.S., according to an estimate by high tech management consultant Michael Blumberg, president of D.F. Blumberg Associates Inc. in Willow Grove, Pa. Other major players include RMS Communications Inc. in Ocala, Fla., and PaceButler Corp. in Edmond, Okla.

Newman said 55% to 60% of its phones are sold outside the U.S. and said the company has about a quarter of the worldwide cellphone refurbishing business.

Refurbished cellphones are opening doors to wireless communication in much of the developing world, where a new cellphone might be prohibitively expensive, Blumberg said.

"Sometimes, you have someone in a village who has a cellphone and rents out time," he said.

Today, about 80% of the world's people live in an area with cellphone reception, Newman said. Along with education and health care, the spread of cellphones is a leading spur to economic growth, he said.

The [March of Dimes](#), which does research and education on birth defect prevention, turned to ReCellular when it decided to launch a cellphone donation program several years ago. The drive brings in about \$160,000 a year.

"They are an excellent company to deal with," said March of Dimes fundraising executive Bob Perry.

When the Canadian Association of Food Banks decided to set up a cellphone collection program, it shopped around for a company to handle the phones, said spokeswoman Tamara Eberle in Toronto.

The umbrella group for 2,000 food banks and other agencies across Canada has collected about 100,000 phones through its [Phones for Food](#) program that began in 2003, raising about \$140,000.

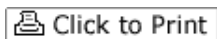
ReCellular executives made a strong impression in many ways, from their willingness to work closely with a relatively small phone collection program to their commitment to recycling all possible materials that they handle — from wires to scrap paper and cardboard.

"This is a company that has a lot of integrity," Eberle said.

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http://www.usatoday.com/tech/wireless/phones/2006-08-20-cellphone-recycling_x.htm



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