

Budget '79

Enterprise Branch: Balancing Profit and Service

by Cynthia Stowell

In some respects it's "business as usual" for the enterprise branch in 1979, with varying margins of profit being predicted for some of the tribal operations, continued loss for others, and overall improvements in services.

But the business picture will be altered somewhat by a couple of organizational shifts. One is the removal of Kah-Nee-Ta from direct line supervision of the branch manager. Like Warm Springs Forest Products Industries, Kah-Nee-Ta will be overseen by a board of directors answerable to the Tribal Council.

Another expedient move will be the separation of the Vehicle Pool from the Tribal Garage. In brand new headquarters near Fire Control the vehicle pool will provide a non-profit service to tribal and B.I.A. departments.

Enterprise branch manager Ed Manion will continue to direct a divided house. On the one side are the profit-oriented departments: Assembly plant, credit, housing, tribal garage, vending and the gift shop portion of the information center.

On the other side are the service-oriented departments: utilities, project engineer, vehicle pool, and information center.

Manion noted that it is not always absolutely clear on which side of the house a department belongs. For instance, the assembly plant which does contract work for Tektronix, had anticipated a profit of 7 percent for 1979, but that money has been ploughed into wage supplements. Is the plant still a profit-oriented operation? wonders Manion.

The Information Center likewise evades easy categorization. Originally established as a public service, the center added the profit-making component of a gift shop. Should the objectives for the department be service or profit-oriented?

Manion's mode of operation has been to try to strike a balance between service and profit. Without a clear directive from Tribal Council, he admits he often leans toward service — sometimes against his better judgment.

Service can be the actual product of an operation, such as housing, vehicle maintenance a steady supply of pop in the machines, or home and office repairs. It can also be the benefit of employment opportunities for tribal members, whether it be resort jobs, management training or an outlet for beadwork.

For those departments with profit potential, breaking even or making a small profit has been and continues to be the stated financial objective. Only two departments — tribal garage and credit — are projecting actual profit for 1979.

Receiving even more attention throughout the branch will be the quality of service provided by the departments. Manion has already begun to tackle the problem of communication among his diverse departments by holding regular staff meetings. The coming year should bring a "more coordinated effort," he predicted, both within his branch and with related programs outside the branch.

Regular communication should make the enterprises more responsive to community needs because each department will pool the information and

input it gathers, said Manion.

INFORMATION CENTER-GIFT SHOP

While the gift shop performs a service to local beadworkers and artists who have a market for their work, the dissemination of information about the reservation was the original purpose of the operation. Improvements will be made in the quality, accuracy and availability of this information.

Manager Faye Waheneka is already working with professional photographers on updating and upgrading the postcards for sale at the information center and Kah-Nee-Ta shops. There may also be a book pulling together historical information about the Tribes and the reservation, said Faye.

The expected sale of non-taxed cigarettes has been put off until the legality of such a practice is established by pending court action. The carton cigarettes are presently 40-50 cents cheaper than elsewhere because the Tribes cut their profit margin in order to provide a "drawing card" for the shop, noted Manion.

The profitable vending operation, which maintains automatic concessions in tribal buildings, has been brought into the information center budget and is expected to net \$2800 in 1979.

TRIBAL GARAGE

The garage should provide more and better service to tribal members by letting its vehicle pool maintenance contract go, thus making time for more private customers.

Manager Leon Maxwell said the garage will be adding a complete brake shop, air condi-

tioning service, and tire sales next year. "Until we get a new facility that's about all we can do," he said, referring to the crowded conditions.

Service should be faster next year and prices will continue to be "cheaper than in town," said Maxwell. The Tribal Garage charges \$2-3 less for labor, he said, and tribal members get a 10 percent discount on parts.

VEHICLE POOL

The monitoring and maintenance of tribal vehicles should be better controlled and more efficient when the vehicle pool moves into its new building under separate management next month, said Manion. Tribal member Delford Johnson will be heading up the operation.

In 1979 the Tribes will own 74 vehicles for which light maintenance will be done at the new facility at cost. In addition, a fleet of B.I.A. vehicles will be serviced under contract.

Gas will be dispensed on a "gas-boy" system, whereby anyone with a key can operate the pump which will register the number of gallons on a separate meter for each vehicle. Monthly print-outs of servicing and gas will be monitored by branch managers.

ASSEMBLY PLANT

The assembly plant's 7 percent profit for 1979 may not exist after employees receive their wage increase, the council-approved solution for growing hardships on the part of workers.

The ladies, who work on a piece-rate basis, have not been earning enough to live on recently. One problem has been the number of difficult projects that the Warm Springs plant has been receiving from Tektronix, thus

slowing the women down, said supervisor Everett Miller. Poor attendance and low morale have been resultant problems. Their average wage of \$2.65 an hour was upped to \$3.41.

Manion hopes that with the November move of the assembly plant to the new facility next to the vehicle pool, a greater number and variety of projects will be available, raising the income to a more acceptable level.

HOUSING

An assessment of housing needs being conducted by management trainee Levi Bobb and planning assistant Mike Clements should be completed by December of this year. But already big plans are formulating for the provision of over 100 new housing units during 1979. Tentative projects include three subdivisions — in the Warm Springs community, at a rural location and in Simnasho; extension of the trailer court; and a couple of dozen two and three bedroom apartments.

Tribal members will be free to build their own homes in the subdivisions. The usual obstacles to securing and preparing a site will have been removed by the provision of roads and utilities by the Tribes.

The housing department is only profit-oriented to the extent that profit would facilitate further construction, but after depreciation of its assets it has been experiencing a net loss.

UTILITIES

The ranks of the utilities department are gearing up for a couple of major projects in 1979 in addition to their never-ending daily maintenance responsibilities.

The old girls and boys dorms which now house social services and day care, will be getting a facelift, including sand-blasting, painting, landscaping and fencing.

Once it is cleared with community people, five cemeteries on the reservation will be fenced and their weeds controlled. Those cemeteries will be Agency, Simnasho, Lower Warm Springs, Upper Warm Springs, and Kalama.

CREDIT

The showpiece of the Enterprise branch is the credit department which pays its own personnel and operating expenses.

With the referendum-approved transfer of \$2 million from the tribal treasury to the loan fund, the credit department has extended its long term lending capability. This means more money available for home loans.

Along with improving service to tribal members the credit department expects to increase its profitability by 10 percent.

PROJECT ENGINEER

This one-man department will be growing to three as the demand for surveying, design and construction grows with the increase in housing development, said engineer Satish Puri. The Deschutes River domestic water project will also require more personnel and time.

The search is on for a field engineer and draftsman, but Puri has encountered difficulty in filling the positions. Delays in work are already occurring and the department will have to continue contracting services, a more expensive and less efficient alternative, noted Puri.

Credit: The "Odd Ball" Operation

The Confederated Tribes' credit department is unique among reservation loan programs in the northwest, says credit manager Bob Finch. Although not the largest operation, it is the only one in the Portland area that is computerized. And it is the only tribal credit program that has loan-granting authority independent of the Bureau of Indian Affairs.

"This is the most dynamic credit operation of any reservation in the United States," maintained Finch proudly.

At home, the credit department also has much to boast. It has one of the best records in the tribal organization for employing tribal members—Finch is the only non-member among the staff of ten. And it is a self-supporting department, paying its own salaries and expenses with the interest income generated by loans.

But despite its success as an "oddball" operation (Finch's fond epithet), the credit department is not exempt from the criticism and misunderstanding that often plagues tribal programs. In fact Finch feels that success is "spoiling" the program's potential clients whose expectations rise as the services improve.

One common complaint received by the credit office is that it takes too long to get a loan. "They want to walk in and walk out with the bucks in their hands," said Finch. But although loan officers can commit a loan over the phone when a tribal member calls from a car dealer,

cash isn't readily available as at commercial banks. "We have to issue checks, which takes time," said Finch.

Occasionally there are delays when a loan application must go to the Credit Committee or higher for approval. About 10 percent of the requests must go over Finch's head (when they amount to more than \$40,000). But generally a loan can be processed right in the office within a day or two.

A person wanting to buy a car or start a business is given a loan application to fill out, either by himself or together with one of the four loan officers, who are Finch, Kathleen Foltz, Hazel Seyler, and Willie Selam. The loan officer talks with the client about his plans and may suggest alternatives that could prove to be more feasible. Approval can be given in moments, once the loan examiner has reviewed the client's financial position.

Time is consumed when a client doesn't have his papers in order—when the pertinent financial information has not been assembled ahead of time. But once the loan is approved, the paperwork takes only a few hours, a process that has become more efficient with the development of a single form that includes the disclosure statement, promissory note and security agreement.

Loan examiners tend to be philosophical about the criticism they receive for unequal treatment of clients. "Sometimes clients get mad at me, but they get over it," said Foltz. The

program is rather unusual in that the clientele is so well known to the staff, both a boon and a bane in decision-making. Fairness is the goal of examiners, however, even when knowledge of a client goes far beyond what is on paper.

Finch attributes the efficiency and professionalism of the credit office to his dedicated staff, none of whom have had formal training. Seyler and Foltz both predate Finch by many years but the balance of the staff has learned the ropes under Finch's tutelage.

The credit manager is looking increasingly to outside training, however, believing that "there is a lot to be learned from outside institutions." Selam will soon be training in a Portland bank, gathering experience as a teller, a loan officer, and in other capacities.

Exposing his staff to new ideas in the outside industry is one way Finch intends to keep the credit program up-to-date and growing. Already the tribal credit program has a loan portfolio the size of U.S. Bank in Madras. It currently handles an average of 100 loans per month.

But Finch sees expanded services on the horizon. "All we're doing now is shoveling money out the door," he said, "and not doing much to promote thrift and savings." While Seyler, Foltz and Selam are known to offer financial counseling in the process of making a loan, the staff dreams of one day starting a credit union offering such related services as checking accounts, safe deposit boxes, and

Series E and H bonds.

The credit union will exist only on paper until a facility is provided, said Finch, whose staff is already crowded in a corner of the administration building where privacy and specialized banking equipment are lacking.

Having started with a \$150,000 revolving loan from the B.I.A. in the mid-fifties, the tribal credit program quickly became self-sufficient and now projects an income of \$550,996 in 1979, approximately \$7.5 million. A full range of loans are available, including personal, automobile, home, business and agricultural.

In July tribal members voted to transfer an additional \$2 million from the tribal treasury to the loan fund, increasing the program's ability to extend long-term loans.

The transfer of funds by referendum helped keep inflation at bay, but rising costs still threaten the extremely low interest rates, which range from 3 percent on completed education loans to 9 percent on vehicle loans.

Even with inflation breathing down its neck, the credit department sees a continued balancing of service and profit in 1979. "When an individual comes in I don't say 'Here comes \$500 in interest,'" said Finch. "But we want to do what we can for him while making as much as possible for the program. We do that by running the shop right."