

Spirit Mountain Logistics Continues To Grow

■ 'Cost-plus' contracts translate into profits for the Tribe.

By Ron Karten

Spirit Mountain Logistics LLC (SML) has been consistently successful. Originally part of the Spirit Mountain Development Corporation, the Tangent, Oregon-based facility was placed under direct Tribal Council control when the council dissolved SMDC at the end of 2002.

The warehouse facility — at 54,000 square feet — is now home to three distinct businesses, with room for more as Tribal member and General Manager Clyde Stryker and Operations Manager Dawn Tolotti continue to uncover new opportunities.

The first business, started in 1998, cleans plastic totes for the Hewlett-Packard (HP) Corporation division in Corvallis. The company uses these totes to send parts around the world. SML's job is to clean them so well that no dust infiltrates sensitive parts, and that labels used to describe the contents or indicate addresses or directions are peeled off for the next use. Once cleaned and dried, the totes are wrapped in plastic.

SML uses a machine that jet sprays 300 gallons of water per minute to clean the blue totes. Running full bore, it cleans 900 totes or 1,380 lids per hour. On average, the facility cleans 6,500 totes and tops each month.

The second business, started in 2000, manages inventory for HP. SML manages 600 different products needed by HP in 90 different locations, but SML owns, purchases, manages and delivers these products to HP. In fact, six SML employees work at HP to help keep track of these items so that they are on hand as needed.

On average, the facility sells 3,500 different items in 1,400 different sales orders each month.

The last business to come on line, also in 2000, is another cleaning business. This business dry cleans reels holding an interleaf that protects the gold circuitry on ink cartridges. The program cleans an average of 4,000 reels per month.

The 800 square foot clean room has a filtration system sufficient for Class 10,000 cleanliness, though current needs call for only Class

100 cleanliness, said Stryker.

This extra capacity is typical of Stryker's forward-thinking approach to the business. "We're hoping to grow the business," he said.

"It's all about flexibility," said Tolotti. Particularly with a client like HP and its Corvallis Research & Development (R&D) facility, flexibility means that SML can quickly take advantage of opportunities when HP seeks to make a change in process or procurement.

"As times get tighter, HP has to be better, more efficient, creating new products, and we cater to that," said Stryker.

"HP tends to rely more on service providers," said Tolotti, "and concentrate on its core competencies."

The facility's focus on R&D encourages it to farm out a number of unrelated tasks. "They don't want to manage these things," said Tolotti. "It allows them to consume and only pay for what they use."

Fortunately, stocking and cleaning jobs that the Corvallis HP doesn't want are among the jobs where SML excels. This company-wide flexibility comes as a combination of internal flexibility, which allows employees to set up flexible schedules including four ten-hour days and even three 11-1/2 hour days plus one 5-1/2 hour day; and external flexibility that most recently translated into a new storage capacity at SML for the HP facility.

Ideally for the Tribes, the core cleaning businesses are 'cost-plus,' meaning that as long as SML fulfills its part, HP pays SML a variable cost for each job plus a pre-determined profit.

SML maintains its part of the bargain by tracking and rewarding four areas that encourage good work, and also lead to a company better prepared for opportunity: safety, delivery, quality and attendance. Goals in each area are as follows: zero events marring safety in the workplace; 99 to 99.7 percent correct shipments; 96



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The Logic of Logistics — Operations Manager Dawn Tolotti (left) and General Manager, and Tribal member Clyde Stryker, have kept Spirit Mountain Logistics consistently profitable since 1998. Their efforts have been good for employees, for the Hewlett-Packard Corporation and for the Confederated Tribes of Grand Ronde.

to 99 percent acceptable work completed; and 99 percent attendance.

For meeting these goals, employees can receive \$25 extra each month. In any given month, the company pays rewards on up to three-quarters of the measurements, according to Tolotti. "They challenge people to plan ahead," said Tolotti.

"What I'm most excited about," said Stryker, "is that the company is standing on its own two feet."

Twenty employees make that happen.

"There's a lot to be proud of here for the Tribe," said Stryker.



Passing The Test — The 54,000 square foot warehouse facility at the Tangent Business Park in Tangent, Oregon has plenty of room to do the SML jobs right, and to grow into future opportunities. Here is a look at some of the 6,500 totes the facility cleans monthly. In the inset, Gustavo Pena scrapes off an old label in the clean room to prepare a case for reuse.

Photos by Willie Mercier