

## Between Worlds - Business Acumen

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Sealaska Corp. has benefited from Tlingit and Haida traditions in trading.  
Having rich natural resources hasn't hurt, either.

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Robert Loescher may be an Eagle, but he's known as \"the bulldog.\"

Sealaska at a glance:

ANCSA land entitlement\*:  
.66 million acres

ANCSA land conveyed so far:  
.59 million acres

Money from ANCSA:  
\$93 million

Businesses, partnerships, investments:  
Sealaska Timber Corp., TriQuest Precision Plastics, SEACAL LLC,  
investment portfolio.

Net Corporate Profits/Losses  
per fiscal year

1973	\$(340,000)	1974	\$(409,000)	1975	\$155,000	1976	\$(58,000)	1977	\$433,000
1978	\$(1,544,000)	1979**	\$(1,458,000)	1980	\$575,000	1981	\$5,941,000	1982	\$(3,826,000)
1983	\$(24,781,000)	1984	\$4,201,000	1985	\$(5,490,000)	1986	\$1,803,000	1987	\$256,000
1988	\$23,960,000	1989	\$31,215,000	1990	\$28,375,000	1991	\$16,813,000	1992	\$51,030,000
1993	\$22,257,000	1994	\$21,900,000	1995	\$22,749,000	1996	\$42,360,000	1997***	\$22,111,000

1994 \$22,749,000 1995 \$42,360,000 1996 \$43,366,000 1997\*\*\* \$22,111,000  
\$25,513,000

Shareholder Dividends

per 100 shares

1973 \$0 1974 \$0 1975 \$0 1976 \$0 1977 \$0 1978 \$0 1979 \$0 1980 \$0 1981 \$0  
1982 \$0 1983 \$0 1984 \$0 1985 \$0 1986 \$200 1987 \$280 1988 \$475 1989 \$312 1990  
\$2,357 1991 \$500 1992 \$200 1993 \$446

1994 \$454 1995 \$1,998 1996 \$865 1997 \$600 1998 \$294 Dollar amounts not  
adjusted for inflation.

Number of jobs provided by corporation and its subsidiaries:

About 1,330

Number of corporation jobs held by shareholders:

About 60

Total shareholders:

16,206

\* These figures include land to which the corporation has partial title.

\*\* FY change. First amount is for FY ending March 31, 1979; second amount is for  
FY ending Dec. 31, 1979.

\*\*\* FY change. First amount is for FY ending March 31, 1997; second amount is  
for FY ending Dec. 31, 1997.

ALL NUMBERS COMPILED IN LATE 1998.

Loescher comes from the Eagle clan. His nickname comes from his relentless  
bargaining skills. And it's a toss-up whether his bulldog style comes from his  
Tlingit heritage or the corporate experience that made him chief executive  
officer of Sealaska Corp.

For centuries Southeast Alaska's Tlingits have been known as legendary  
businessmen who would travel hundreds of miles to sack competing trading posts.

They point to their tradition in trade as what's helped them adjust to the  
corporate world. Now Sealaska Corp., which includes Tlingit, Haida and Tsimshian  
shareholders, is one of the biggest economic players in Southeast Alaska.

\ "We traded in commerce up and down the coast for centuries,\ " Loescher said.  
\ "And even today we continue to do that. In fact, we're becoming global.\ "

Longshoremen load and tie down lumber aboard the container ship Ocean Blue in Hoonah. The ship takes Sealaska timber for sale in Japan.

PHOTO BY MICHAEL PENN

Another carryover from the past - Southeast's rich natural resources - also helped propel Sealaska into the ranks of the most profitable Native regional corporations.

Yet the corporation has spawned one of the most active groups of dissident shareholders, which some people link to a past in which conflicts were common among Southeast Natives.

At the same time, it may simply show, as with other Native corporations, Sealaska's transition to the corporate world has at times been rocky.

Sealaska started off with a couple of advantages, receiving 220,000 acres of timber land and \$93 million, more money than any other regional corporation because it has more shareholders.

Logging has been Sealaska's biggest moneymaker. The corporation owns 3.4 billion board feet of standing old-growth timber, enough to build 340,000 three-bedroom homes.

But the constant ups and downs of the timber market recently pushed the corporation into other businesses, such as plastics. In December 1997, Sealaska bought TriQuest Precision Plastics, based in Vancouver, Wash. TriQuest, which employs 1,400 people, makes molded plastic housings used in computer keyboards, printers and telephones.

Sealaska also ventured into mining, developing the Calder limestone quarry on Prince of Wales Island. The corporation's subsidiary SEACAL sent its first limestone to market this year from the quarry, which is expected to continue operations for at least 40 years.

Besides rich resources, Southeast Natives had another advantage in the corporate world over other Alaska Natives: a greater exposure to non-Native culture. Southeast Natives adopted Western ways in large part through the Alaska Native Brotherhood, said Wally Olson, a retired anthropologist from the University of Alaska Southeast in Juneau.

The ANB championed Native rights at the same time it required Natives to speak English and use parliamentary procedure. CEO Loescher even refers to the founding of the ANB and the Alaska Native Sisterhood in 1912 as the beginning of Sealaska's history.

Despite Southeast Natives' commercial experience, Sealaska didn't escape many of the problems other Native corporations faced in the early years. Anthropologist Tom Thornton noted that while Tlingits had long been businessmen, they didn't necessarily have the experience needed for Western corporations.

"Trading large quantities of salmon, even for cash, I'm not sure prepares you to trade in the stock market," said Thornton, a professor at the University of Alaska Southeast in Juneau.

Sealaska lost money in all but three of its first 10 years of operation, culminating in a \$24 million deficit in fiscal year 1982. Those losses were due to bad luck and inefficient management, according to corporate records.

A consumer recall of canned salmon from eight processing plants in Alaska, including Sealaska's Ocean Beauty Seafoods, hit the company hard in the late 1970s, as did the worst forest products recession since the end of World War II.

The corporation recovered from its early losses, however, and has made money every year since 1982.

A large chunk of Sealaska's profits came from the sale of operating losses to companies trying to reduce their taxes. Sealaska made more than \$121 million by selling losses from a drop in timber value between the time Alaska Native Claims Settlement Act land was conveyed to the corporation and the time the timber was sold.

Last year, the Alaska Business Monthly ranked Sealaska fifth in revenue among Alaska-based companies. Profits came from healthy timber revenues, investments and selling previous operating losses to other corporations for tax write-offs.

CEO Bob Loescher says Sealaska's goal is eventually to pay out \$1,000 a year in shareholder dividends.

PHOTO BY MICHAEL PENN

Big profits, however, don't necessarily translate into big dividends because Sealaska has 15,700 shareholders.

"Sealaska has a lot of trees, but they also have a lot of people," said economist Steve Colt with the Institute of Social and Economic Research in Anchorage. "They're very large, but they're by no means filthy rich on account of their timber because they have such a large shareholder base."

Some Sealaska shareholders have been frustrated with how little of the profits they've seen. Dissidents unsuccessfully tried to oust the board of directors four times in the last decade, in large part because of money.

Joan Dangeli, who lives with her 5-year-old son in a low-income housing project in Juneau, is among the vocal critics of Sealaska's management. Dangeli, who unsuccessfully ran for the board of directors, dragged out a box of Sealaska records from her living room closet as she complained about the gap between Sealaska salaries and shareholder dividends.

In 27 years as a shareholder, she hasn't been able to accumulate enough for a down payment on a home in Juneau, but she's more concerned about impoverished Native elders.

"There are people up there making so much money, and these (elderly) people are dying with nothing," Dangeli said.

In the last 11 years, shareholders received an average of \$767 in dividends annually, getting \$865 in 1997. Meanwhile, CEO Loescher's salary last year was \$164,000, not including bonuses.

The difference between shareholder and executive benefits was even sharper in the first 14 years, when shareholders received nothing, while more than \$19 million was paid to directors and officers, who averaged \$72,000 a year.

"These people live high. They live good - real good," Dangeli said. "The poverty and wealth balance in these corporations is just disgusting."

What Sealaska pays out to shareholders is high compared with what other corporations, such as IBM, do, Loescher said. However, in reaction to

shareholder criticism, the Sealaska board reined in managers' salaries somewhat.

That poses another problem for management, according to Loescher. The corporation has trouble hiring and keeping the caliber of people it wants, while offering them much less than they'd earn at other corporations of the same size.

"It's very difficult," he said. "We have some turnover."

The board's goal is to eventually pay out \$1,000 a year in dividends to each shareholder, he said.

However, more complex cultural reasons may be behind shareholder frustration.

"The concept of managing tribal assets through a for-profit corporation is completely alien for our culture," Loescher said. "That's been a really difficult thing for our people to understand."

Olson, the anthropologist, said some of the dissent comes from longstanding contentiousness among Tlingits. They were more warlike than other Alaska Natives, who often were forced to cooperate more to survive brutal climates.

"There are a couple of Tlingit traditions that persist. One of them is making money. And the other is that there have always been disagreements," he said.

But Dennis Demmert, a former Native studies professor, thinks conflicts among Tlingits have been overplayed. Shareholder dissatisfaction comes in part from a change in how decisions are made in Native society, he said. Under corporations, majority rule replaced traditional decision-making by consensus, which took into account even the opinions of a few.

Corporations these days have too many daily decisions and too many profits on the line to make decisions by consensus, which can result in an unhappy minority, said Demmert, who taught at the University of Alaska Fairbanks. He also is the former director of the Sealaska Heritage Foundation, the corporation's cultural arm. While Natives have had to adapt to corporate ways, they've also molded corporations to fit their cultural ways, said anthropologist and Sealaska board member Rosita Worl.

In 1991, for example, Sealaska created the Elders Settlement Trust to recognize elders, who are highly revered in traditional Native society. With the trust fund, Sealaska shareholders receive a one-time cash payment of \$20 per share when they reach 65. For those who hold the standard 100 shares issued under ANCSA, that amounts to \$2,000.

"That's a clear example of trying to take old values and making the corporation

accountable to that,\" Worl said.

Despite the differences between corporate and traditional ways, Loescher sees Southeast Natives continuing to adjust to the world of dividends and shareholder meetings.

\"We absorbed the Spanish, the English, the Russians when they came to our land,\" Loescher said. \"I think we're very adaptable to the corporate culture.\"