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Business & Technology: Sunday, June 06, 2004

Northwest 100: Winners show a mix of powerhouses, niche players

By [Stephen H. Dunphy](#)*Seattle Times associate editor*

Vern McClure can watch from his office window as a huge crane loads tons of scrap metal onto waiting ships. On a day in late May, a ship bound for India was being piled high with 30,000 tons of metal.

McClure has been in the unglamorous business of scrap metal for more than 20 years. The Schnitzer Steel Industries recycling yard in Tacoma, one of the largest in the U.S., employs more than 100 workers.

Last year was so good that Schnitzer Steel rose to be one of the top five companies this year in The Seattle Times Northwest 100 rankings of public companies in the Pacific Northwest. Schnitzer, based in Portland, joins top company Flir Systems, Portland; plus Starbucks; AmericanWest Bancorporation, Spokane; and Paccar in the elite five.

The 13th edition of the Northwest 100, covering data for each company's 2003 fiscal year, is published today in a special section.

Public companies in the Northwest are a significant economic presence with combined sales of almost \$256 billion. That's up from \$220.6 billion in 2001 and \$237.3 billion in 2002. But total sales still trail the peak year — 2000 — when combined sales were more than \$260 billion. That was at the peak of the economy's growth cycle in the Northwest and the year before Boeing moved its headquarters to Chicago, removing it as a Northwest company. That shift took about \$50 billion in sales from the list over the past few years.

Thirteen years ago, when The Times began compiling the top companies, the total for the region was a mere \$108.2 billion for 1991. The top company

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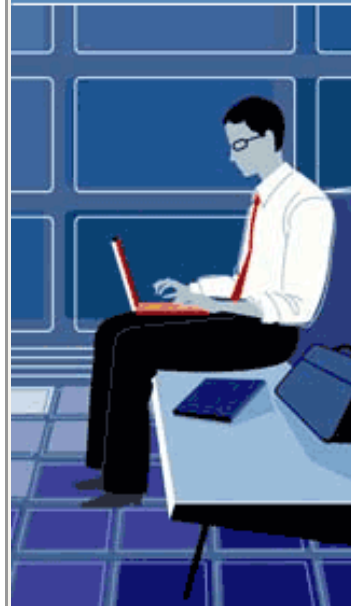
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was Boeing with sales of \$29.3 billion. There were 23 companies with sales of more than \$1 billion, but only Boeing was in double digits.

That means the size of the Northwest market as represented by the top 100 companies has increased 137 percent in 13 years, or more than 10 percent a year.

The list also is an interesting chronicle of growth for a number of companies.

- In 1995, Boeing and Costco were neck-and-neck in terms of sales, with Boeing at \$19.5 billion and Costco at \$18.2 billion. If Boeing had not acquired McDonnell Douglas and had remained in Seattle, Costco would be the largest company here by far — \$42.5 billion in sales last year compared with \$22.4 billion in commercial airplane sales for Boeing.

- Starbucks was the 40th-largest company in sales in 1995, cracked \$1 billion in sales in 1998 and was 13th in the Northwest in 2003 with world-wide sales of \$4.1 billion.

- Microsoft has led in profitability almost every year, but the company also continues to gain ground in sales. It is now the third largest, with sales of \$32.2 billion in 2003. In the first year of the Northwest 100, when Microsoft was the top company, sales were \$1.8 billion.

- Seven companies have sales of more than \$10 billion vs. one company in 1991. The 20th-largest company in sales for 2003, Precision Castparts, Portland, had sales of more than \$2 billion. In 1991, the 20th company, McCaw Cellular Communications, had sales of \$1.3 billion.

After size, what is most striking about the Northwest is the cluster of famous brand names: Microsoft, Weyerhaeuser, Nordstrom, Starbucks, Nike, Amazon.com and Costco.

But tap below the top tier of Northwest nameplates and you really strike gold — the emerging businesses that increasingly characterize the region and drive much of its growth. Here are the upstarts and strivers, the service and retail innovators, the e-commerce and biotech wizards, the fast-moving companies that are reshaping the Northwest economy.

Among the top five companies, Schnitzer stands out as an example of a smaller company growing in a mature industry. After making a debut on the top 100 in 1995 with a respectable 17th ranking, the company fell off the chart for several years. It returned in the 2002 rankings at No. 65 before climbing to the No. 4 spot in the 2003 rankings out today.

But in 2003, things came together for the company. Demand — and prices — for metal were driven higher by the huge growth in China. One economist pointed out that China must build the equivalent of a Houston a month to keep up with the movement of people from the countryside to the city.

For a company that extracted metal from old cars and other junk, that made for a good year.

At Schnitzer's Tacoma plant, McClure said being able to load a ship directly from its shredding area is a huge advantage.

"It opens the export market to us," he said. "It allows us to market our product on a global scale." He said the recent shipment to India was unusual, with most of the exports going to China and, to a lesser extent, South Korea. They used to export to Japan, but that country has become a net exporter of scrap metal itself.

The Schnitzer operation is quite extensive — and up-to-date. McClure is proud of the facility and its environmental friendliness. The company recycles blights on the countryside, such as old autos, in an environmentally advanced way.

The entire work site is paved with asphalt, and all water used in the operation is collected at a water-treatment facility before it leaves the site.

The company's huge shredder — it can handle about 200 tons an hour — grinds cars into pieces of metal about 3 to 4 inches in diameter, along with other debris. The ferrous metal is collected from the pile and used as a raw material in the furnaces of electric-arc steel mills.

The nonferrous metal — aluminum, copper, etc. — is then separated and sold to other users. The leftovers — the ground-up plastics, rubber and upholstery — are sold to landfill operations that need to cover the site at the end of each day.

"We have fancy tools here, but without good people it really wouldn't work," he said. "We take care of them and they take care of us."

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