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Smurfit-Stone: Thinking inside the box, Corrugated container manufacturer embarks on \$2 million expansion project By Gerry Gilmour

They're building a monster of a machine at Smurfit-Stone.

Inside the company's plant in the Fargo Industrial Park, the first metal pieces are already in place. The machine is a 400-foot corrugator, and it will change the way they do business here, according to Bob Nelson, general manager of the plant. Smurfit-Stone makes corrugated containers -- call them cardboard boxes, if you like. They make a lot of them at this plant.

If a product is manufactured in North Dakota or western Minnesota, chances are it's likely shipped out of here in a box made at the Smurfit-Stone plant. Installation of the corrugator machine is part of a \$2 million expansion project which will add 50,000 square feet to the plant, bringing its size to 200,000 square feet.

"This is a multi-million dollar project," Nelson says. "We're banking that the economy of this state and this region will continue to grow, from food processing to manufacturing." Smurfit-Stone itself is among the largest manufacturing operations in Fargo-Moorhead, producing 200 truckloads of containers monthly. Its plant sits prominently in the Industrial Park's Sheyenne Division. At 4637 16th Ave. N.W., the plant is visible from Interstate 29 and Fargo's 19th Avenue North. It is one of 140 North American plants within Smurfit-Stone Container Corp.'s corrugated container division.

Smurfit-Stone is the world's largest manufacturer of corrugated containers. The Chicago-based conglomerate also operates paper bag and specialty packaging plants, recycling operations and container board mills throughout North America. The company's 1999 annual sales topped \$7 billion. Smurfit-Stone plants operate independently, as individual profit centers. They have their own sales staffs, their own budgets, their own production schedules.

The expansion and transition of the Fargo plant is a recognition of the strong Fargo-Moorhead economy, Nelson says. "The industry is going through consolidation," he says. "But here, we're still making more things. Our customer base is growing." Nelson says the corrugator -- which is coming here from a closed Iowa plant -- will help the plant keep up with demand.

The Fargo plant currently operates as a sheet plant. In other words, sheets of corrugated paper arrive from other Smurfit-Stone plants, and those sheets are fabricated into customized containers. With the installation of a corrugator, the Fargo plant will no longer have to bring in corrugated sheet material. Instead, it will produce its own corrugated material from giant paper rolls. "What we're really doing is changing our raw material source," Nelson says. "It's a major deal for us to do this."

The transition from being a sheet plant to a corrugating plant will take place this fall. The corrugator is arriving piece by piece, in 30 truckloads. Olaf Anderson and Sons prepared an area within the plant for its installation and has broken ground on the 50,000-square-foot addition outside. That addition mainly will house the rolls of paper stock for the corrugator. The corrugator is scheduled to be online no later than November.

The expansion and increased production is expected to create the need for another 35 employees, bringing total employment to 90. Despite a tight labor market, plant manager Joe Eichelberger is confident competent help can be hired. The Smurfit-Stone plant's average wage is \$12.25 an hour. "We think there are some very skilled workers out there that we can attract," he says. The plant currently runs two shifts five days a week. Hiring of new employees will begin almost immediately, Eichelberger said.

"This project will produce a lot of advancement for the people here now," he says. Fargo's Smurfit-Stone plant is clean and well-lit. Machines do most of the work. Employees driving loaders and monitoring the line keep

the operation humming smoothly. Among its company peers, the Fargo plant consistently ranks at the top or near the top for production. "We've got some real good people and real good customers, is what it amounts to," Eichelberger says.

Everything the plant produces for its customers is customized. There is no such thing as a standard box. Orders range in size from 25 to 400,000 pieces. Smurfit-Stone has contracts to create corrugated containers for a predictable mix of area industries. Weekly, its production line is turning out boxes for frozen french fries, sugar, sunflower seeds, pasta, meat products, plastic pipe fittings, kitchen cabinets and windows.

About three-fourths of the plant's business is related to the food processing industry. Plant customers, attempting to keep pace with the whims of the consumer market, change packaging schemes often. "We're a job shop," Nelson says. "Our job is to get the customer their job when they need it. Every day is different. It's not monotonous. By 5 p.m. today, there will be a very different picture than there is now for what we're doing tomorrow."