



Building on Innovation

By **M. Sharon Baker**

Think of a Seattle company. If you're under age 50 you probably thought of Amazon, Microsoft or Starbucks; if you're older you might have come up with Boeing.

The fact that the world's largest aerospace company, one that employs 85,000 people in Washington state (more than Microsoft and Amazon combined), is overshadowed shows how thoroughly tech and retail have come to dominate Seattle's public image.

Seattle, whose original industries were lumber, coal, shipbuilding and fishing, might wear a white collar now (more likely a graphic print tee), but its manufacturing base is thriving, fueled by innovation and an entrepreneurial drive.

"Seattle is busting with this stuff," said Dave Gering, executive director of the Manufacturing Industrial Council of Seattle, an industry organization. "It's just that you don't hear as much about it because we're off in the corner of the country."

The Seattle area lost only 10 percent of its manufacturing jobs over the past 20 years, compared to a national average of 45 percent, Gering said. Since 2011, regional manufacturing jobs have grown 7.7 percent, nearly four times as fast as the national average of 2 percent.

That's due at least partly to the region's strength in the production of capital goods, such as airplanes (Boeing), boats (Kvichak Marine) and trucks (PACCAR), as compared to consumer goods, the making of which is more easily moved offshore. Capital goods companies typically support smaller manufacturers which make components that go into the finished product.

Seattle's port, its proximity to Asia, Canada and Alaska and abundant natural resources also make it a good spot for manufacturers.

But, according to Gering, the healthy local manufacturers are the innovative ones open to new processes, products and markets. "What you find is that successful (manufacturing) companies will embrace entrepreneurship at a pretty high level, or they died 10 to 15 years ago," he said.

Here's how three manufacturing companies are doing it.

Method Homes

Brian Abramson and Mark Rylant picked a poor year to go into the housing business.

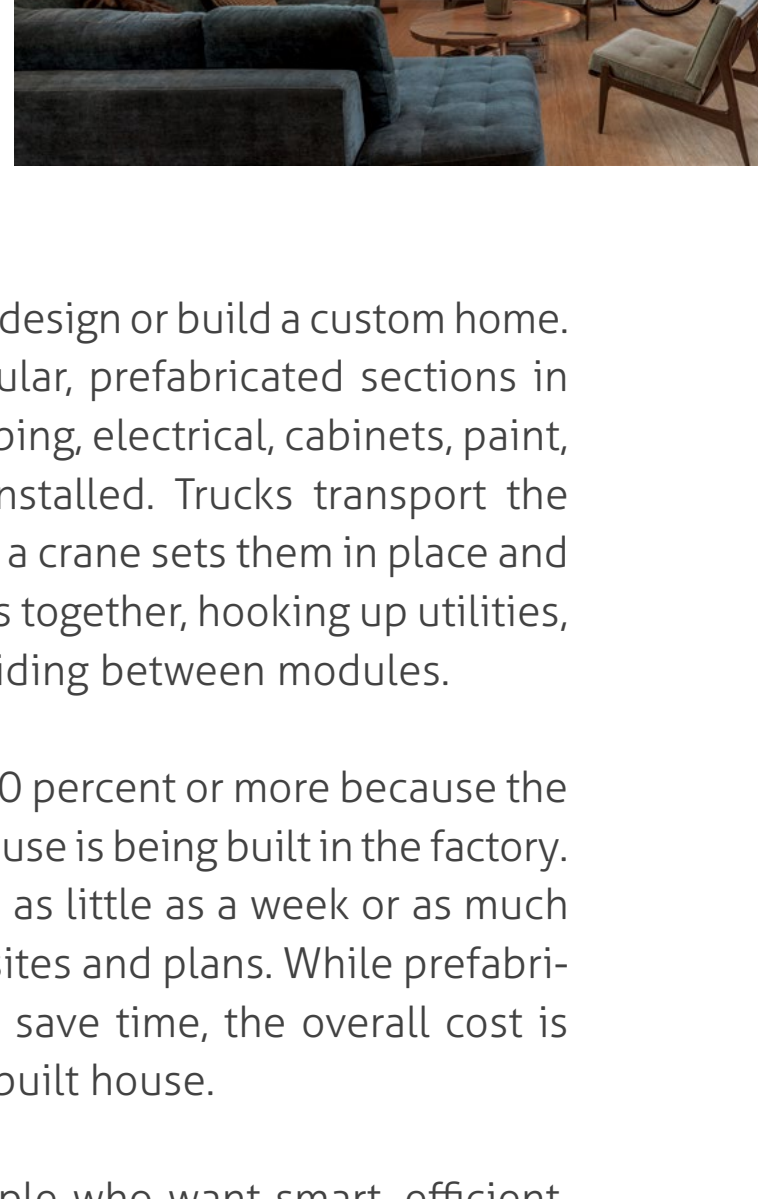
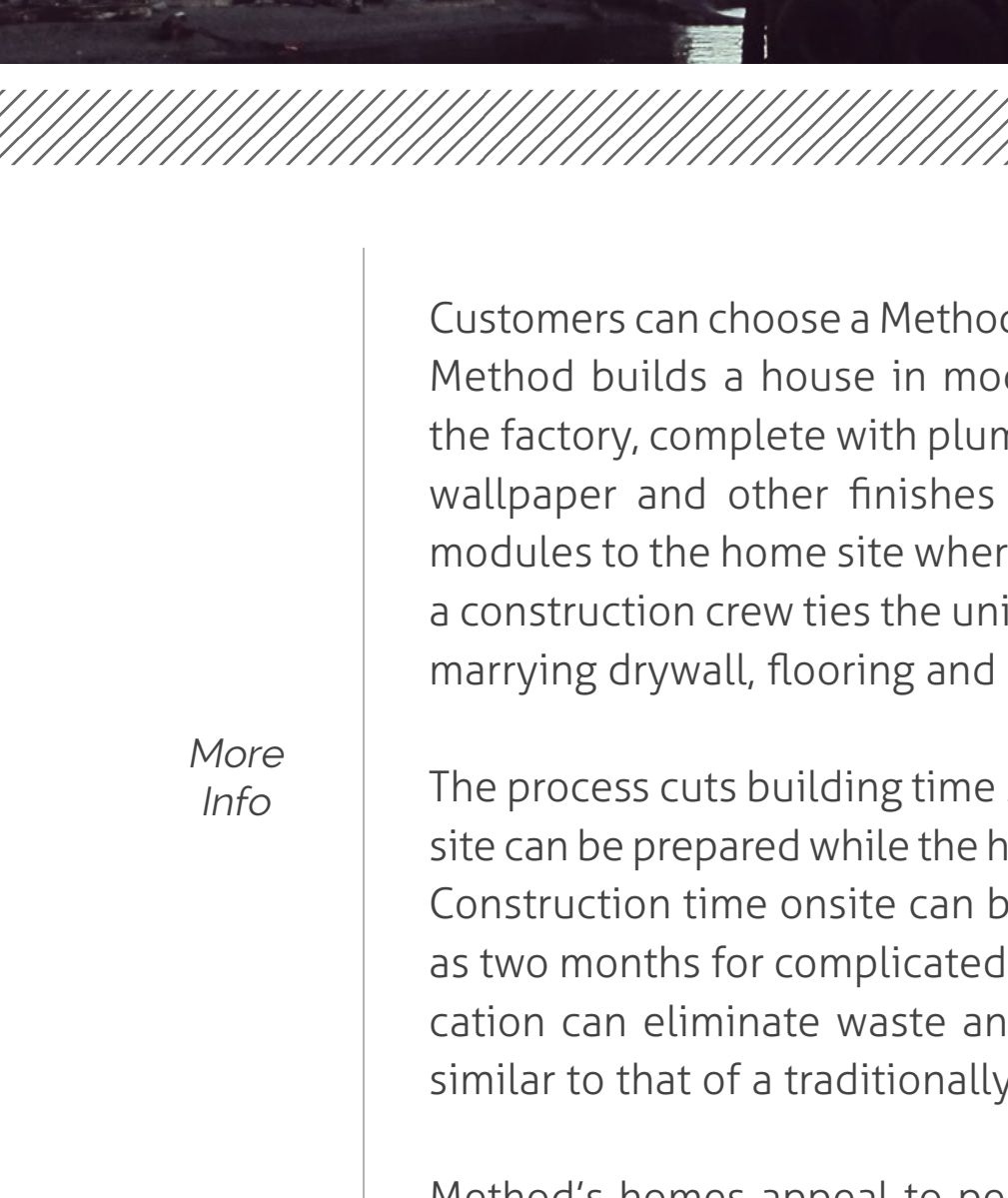
Immediately after launching Method Homes in 2008, the manufacturer they contracted to build their energy-efficient, architecturally designed, prefab homes went out of business. A year later, Method had sold only two homes. Other sales evaporated overnight due to the credit crunch.

Neither Abramson, a Seattle commercial real estate developer, nor Rylant, a Bellingham general contractor and custom home builder, had experience building prefab homes, but they had partnered before on other projects.

Faced with no way to make their product and no sales, some entrepreneurs would have quit. But, Abramson says "there was no question about whether we would stay in business."

So they built their own prefab manufacturing factory near Bellingham and, through trial and error, have created a process to build their homes efficiently. Now, Method Homes is a fully integrated company that handles construction from the initial design through final installation, or it does just a portion of a project if that's what a client wants.

Photos courtesy Method Homes



Customers can choose a Method design or build a custom home. Method builds a house in modular, prefabricated sections in the factory, complete with plumbing, electrical, cabinets, paint, wallpaper and other finishes installed. Trucks transport the modules to the home site where a crane sets them in place and a construction crew ties the units together, hooking up utilities, marrying drywall, flooring and siding between modules.

The process cuts building time 50 percent or more because the site can be prepared while the house is being built in the factory. Construction time onsite can be as little as a week or as much as two months for complicated sites and plans. While prefabrication can eliminate waste and save time, the overall cost is similar to that of a traditionally built house.

Method's homes appeal to people who want smart, efficient, well-designed spaces quickly, and those who face building challenges, such as hard-to-reach places on islands or very narrow urban lots.

As the credit crunch eased in late 2010, sales exploded, Abramson said. Revenues reached \$4.6 million in 2011, up nearly 800 percent from 2009, a mark that landed Method Homes on top of the local business journal's list of 100 fastest growing private companies. Revenues this year should reach \$10 million, and more than 30 prefab buildings are under construction around the country and in Canada, including homes, multi-family units and office buildings. The company is self-funded, and the co-founders have been involved full time since 2009.

Method is one of a handful of prefab building companies that have sprung up in the Seattle area, a progressive city with a reputation as a global leader in sustainable development.

"There was a lot of interest in our methods and product, and (everyone) understood what we were trying to do. That really helped us right out of the gate," said Abramson.

Washington State is a center of prefab building, said Sheri Koones, a pre-fabrication housing expert and author. "Whatever it is, it must be in the water," she said. "People (in Washington) are very conscious about green building and in prefab, which is amazing. Companies like Method have been doing very well."

Cascade Designs

John Burroughs, chairman of the board of Cascade Designs, insists the company have a long-range plan. If for no other reasons than laughs.

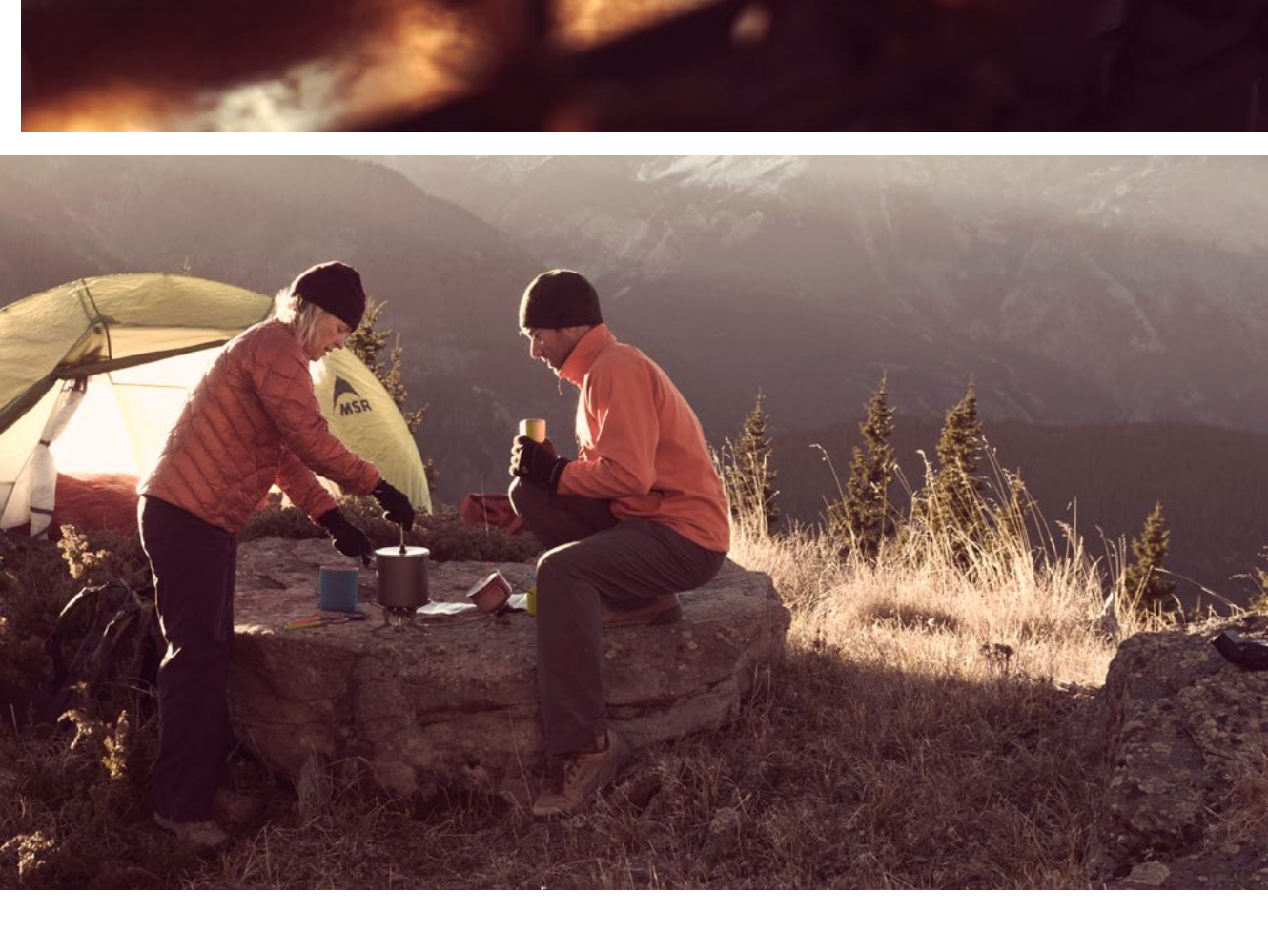
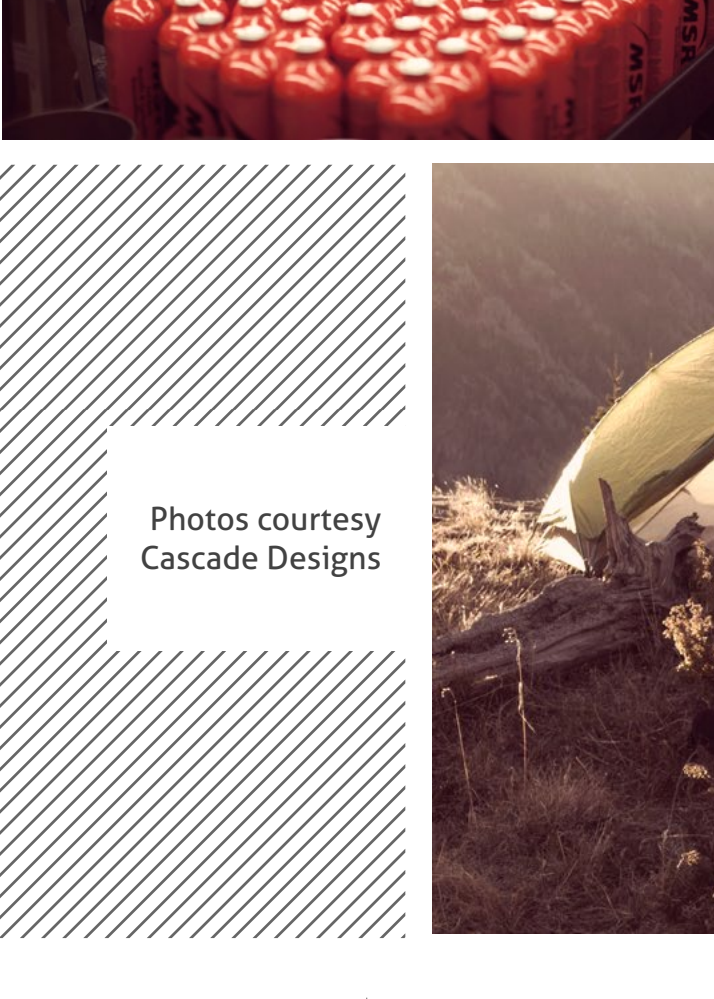
"We always have one and we tend to put it on a shelf and forget about it and it's fun to take it down once in a while and look at it to see how far off we were," he said.

Cascade, a manufacturer of outdoor equipment, has grown, not by following a plan, but by spotting and seizing opportunities. For example, the company began in 1972 with a single product, Thermo-Rest, a camping mattress. When a customer/radiologist discovered that the mattress made an ideal cushion in medical imaging machines, Cascade formed a medical division, Varilite, which now also makes seating and cushioning equipment for wheelchairs and other devices. The company also makes mattresses for private and charter jets.

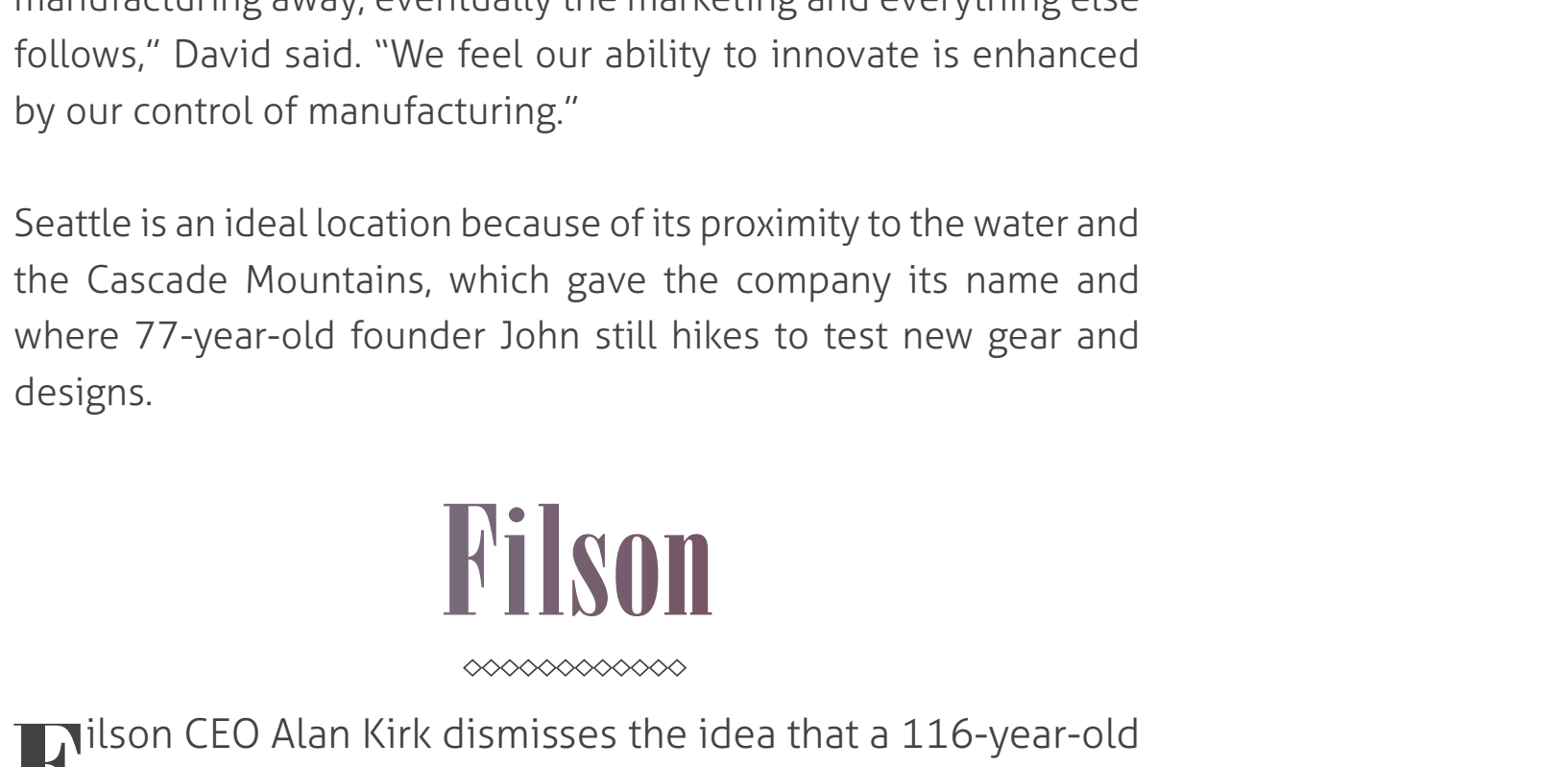
Similarly, Cascade's innovations in personal water filtration systems have led to R&D for the military and work with humanitarian organizations in the Third World, work that also has resulted in commercial products.

"We have diversified by looking where else we can adapt the products we have," said David Burroughs, vice president (and John's son). Cascade also acquires small companies doing innovative work, a strategy that has allowed it to diversify into waterproof kayak bags, water bottles, walking sticks, travel bags and accessories and more.

More Info



Photos courtesy Cascade Designs



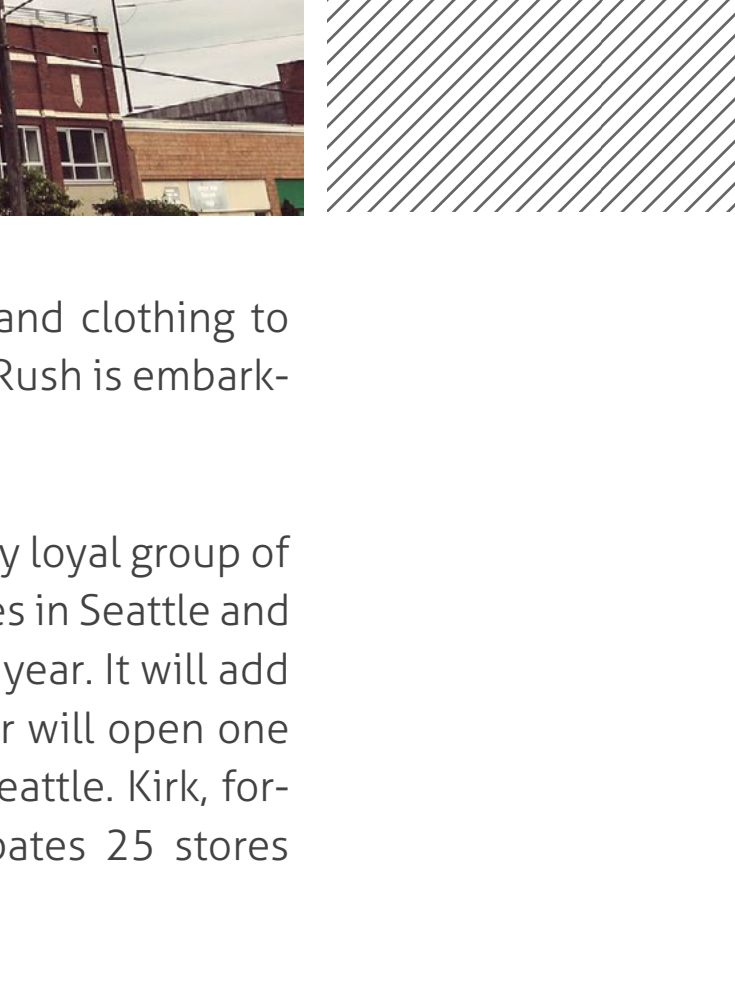
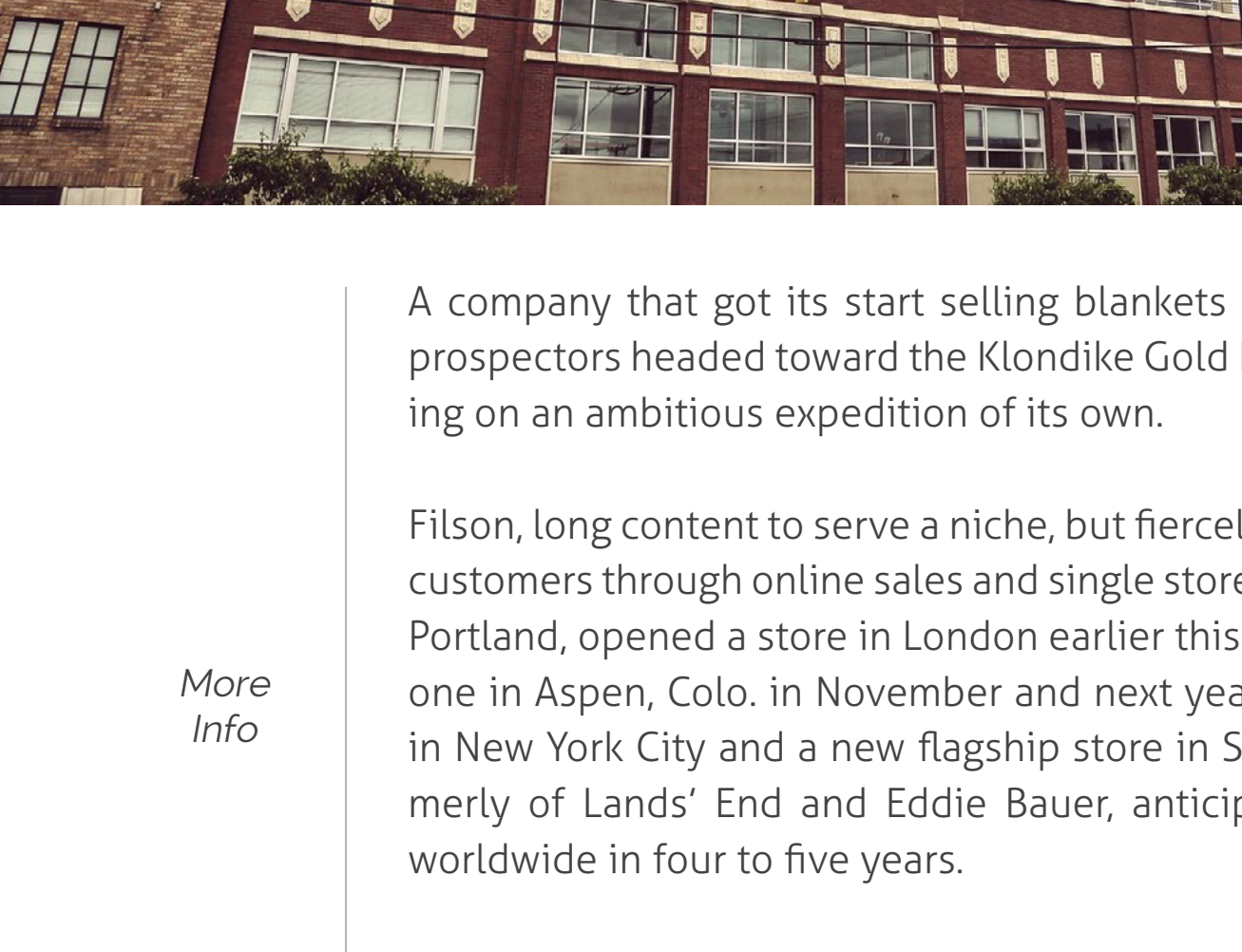
Cascade does 80 percent of its manufacturing in Seattle or at its plant in County Cork, Ireland, which the Burroughses feel is essential to quality control and corporate agility. "When you give the manufacturing away, eventually the marketing and everything else follows," David said. "We feel our ability to innovate is enhanced by our control of manufacturing."

Seattle is an ideal location because of its proximity to the water and the Cascade Mountains, which gave the company its name and where 77-year-old founder John still hikes to test new gear and designs.

Filson

Filson CEO Alan Kirk dismisses the idea that a 116-year-old clothing brand can't be entrepreneurial.

"We're a flexible company that continually looks for more ways to grow the business as long as they don't weaken the focus of the brand," he said.



Photos courtesy Filson

A company that got its start selling blankets and clothing to prospectors headed toward the Klondike Gold Rush is embarking on an ambitious expedition of its own.

Filson, long content to serve a niche, but fiercely loyal group of customers through online sales and single stores in Seattle and Portland, opened a store in London earlier this year. It will add one in Aspen, Colo. in November and next year will open one in New York City and a new flagship store in Seattle. Kirk, formerly of Lands' End and Eddie Bauer, anticipates 25 stores worldwide in four to five years.

"It's a new chapter, a new beginning," said Kirk, who calls Filson a "global, multi-channel brand."

And the expansion will happen without going overseas to make the brand's high-end signature bags and outdoor clothing. In fact, Kirk said, the company hopes to boost the percentage of its goods made in Seattle from the current 80 percent to 95 percent. Filson this year opened a new headquarters and factory in the SoDo neighborhood, is planning another plant a few hours away and has added 60 employees this year.

Filson has tried manufacturing overseas, but found it hard to control quality. Besides, Kirk said, customers want to know the products are made in this country.

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