

A Label of Pride That Pays



Peter DaSilva for The New York Times

Michael Goldin, president of Swerve, a company that shows it is still possible to manufacture high-quality products in one of the most expensive locations in the United States --- even in the grip of an economic recession.

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In a timeworn factory in Sausalito, Calif., 67 workers turn out Heath ceramics, doing everything from mixing the clay to applying the finishing glazes. Twenty miles away, a Japanese robot called Ziggy works day and night in a converted brass foundry in Berkeley, making precision-cut office furniture.

What the two neighboring factories demonstrate is that it is still possible to manufacture high-quality products in one of the most expensive locations in the United States — even in the grip of an economic recession.

And while both are being forced to adapt to the tough times, the two businesses have been helped by the fact that their products are made in America.

“In hard economic times, a slogan built around ‘Buy American’ is going to resonate a little more,” said Steven J. Davis, a professor of economics at the University of Chicago Booth School of Business. “People read stories about unemployed Americans and they want to feel good when they make consumption decisions.”

Professor Davis said manufacturing was generally moving outside wealthier countries like the United States. “Only an outbreak of protectionist policies or a sharp rise in international shipping costs could slow or temporarily reverse manufacturing’s declining share of employment in the United States,” he said.

Still, there still seems to be an appetite for products from high-end, craft-based manufacturers in America. That proved to be the major reason that Robin Petravic and his wife, Catherine Bailey, bought Heath Ceramics six years ago even though competition from abroad had forced most artisanal potteries across the country to shut down.

They said that when they first walked into Heath’s factory in one of Sausalito’s former shipyards, they decided that Heath’s idiosyncratic way of doing things and its geographical roots could prove to be its salvation. They said they were struck by the fact that every part of the manufacturing process was under one roof. “Many of the employees had worked there for decades and knew everything, including how to fix the machines if they broke down,” Ms. Bailey said.

The company was founded in the mid-1940s by Edith Heath, a ceramicist and creative spirit, and her husband, Brian, an inventor. The company quickly earned a reputation for durable, finely crafted tableware and tile whose clean, modernist lines signaled a break from the more fussy designs of the past.

It would seem at first glance that little has changed at Heath's dusty, 30,000-square-foot factory in the time since — the tableware and tile are made in the same sustainable, labor-intensive way they have always been. Some lines, like the Coupe pattern, have been in constant production since 1948.

But change has come with the need to make the manufacturing more efficient, cater to the current design aesthetic and respond with agility to the economic downturn. New production systems have been introduced, and dusty pink has been removed from the palette in favor of more contemporary glazing hues like persimmon and cocoa.

In January, Heath introduced a line of less expensive tile. While previously all of Heath's tile was made to order, the Modern Basics line can be bought off the shelf in a limited selection of colors and shapes. It is about 40 percent cheaper than the custom tile.

Heath's mix of sales channels has also been adjusted, with wholesale taking a backseat to more direct routes, like the company's Web site, its factory store and a new retail outlet, which opened in December in Los Angeles. "That's where we can be most effective and react most quickly," said Mr. Petravac, a former product designer who developed the business plan.

The factory store, he said, helps them learn which new designs work and which ones do not. It has also reinforced the couple's commitment to manufacturing in the United States. "We can test the market and avoid suffering from our mistakes," he said. "If we try something that turns out not to be popular, maybe we have made 100."

In 2008, Heath's sales increased fivefold and its profit margin was about 8 percent. The company increased its employee roster to 67 from 25. This year the goal, Mr. Petravac said, is simply to stay flat.

Reinier Evers, founder of Trendwatching.com, which tracks consumer habits, agreed that Heath seemed to be benefiting from consumers' renewed interest in homegrown products. How products are made is on consumers' radar, he said. "There's a story that consumers can tell themselves, or better, the 'status story' they can tell their peers to gain recognition."

Michael Goldin, an architect and industrial designer, has also tied his company's fate to that trend. For the last 14 years, Mr. Goldin has been contributing to the rejuvenation of a light-industrial district in Berkeley. He transformed an abandoned model airplane motor factory into his office and has designed and outfitted streamlined, open-plan office spaces for lawyers, architects and dotcom start-ups in Berkeley and neighboring Emeryville.

Mr. Goldin's company, Swerve, has also been making furniture, seeking out the technology required to produce precision-cut aluminum taper joints and machine-tooled, eco-friendly work surfaces for the desks, workstations and shelving systems.

For Mr. Goldin, outsourcing was never an option. "Ever since I was at grad school I have felt very strongly about having my hands in what I am making — actually feeling materials and how they work," he said. "It all started with my desire to make things and to have a shop where I could do that."

Outsourcing, he said, would also make it difficult to ensure high design and craftsmanship standards. "How do you keep track?" he asked. "How do you make sure your product comes to you as you specified it? Overseeing the process would require constant traveling back and forth."

In any case, having Swerve's pieces made overseas would compromise the company's just-in-time manufacturing model. "We always make our products to order. We can't afford to keep items in stock," Mr. Goldin said. "If we went overseas we would have to order huge inventory ahead of time. And we're not ready for that."

The company's labor costs are kept low because of its reliance on computerized cutting machines, including a new canary yellow robot from Japan, nicknamed Ziggy by the employees, which works 24 hours a day. Of Swerve's 15 employees, only four work on the shop floor.

In the last few months, Mr. Goldin has had to make some hard choices to ensure that Swerve rides out the economic crisis. A recent order for 500 aluminum-framed chairs will be completed at cost.

He and his administrative staff have vacated the factory's sleek offices and some income-generating tenants have moved in. And his employees have all agreed to salary cuts. But he believes more strongly than ever that outsourcing would be the wrong choice. "Of all times, we need to do what we can to keep jobs here," he said.

Both Mr. Goldin and the owners of Heath say they hope what they have achieved will stand as a model for other small- and medium-size businesses facing the critical question of whether to locate production locally or in low-cost offshore sites. As Ms. Bailey put it, "The craft of manufacturing has to a great extent been lost as a value in American culture, and we are striving to retain it."