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Cover story

Made in San Francisco: Manufacturing a comeback

Driven by a new generation of small makers, manufacturing is in the midst of a renaissance in San Francisco. But as space dwindles and costs rise, some worry that the good times may not last much longer



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San

Francisco's manufacturing sector is making a small-scale comeback, but don't start looking for smokestacks.

Led by dozens of entrepreneurs turning hobbies into companies — including fashion designers, artisan furniture makers and small-batch brewers — the city's new crop of makers are smaller and more specialized than before, powered by the Internet to produce locally and push their goods abroad.

With the support of the city, an influential industry association and each other, these new companies are gaining attention worldwide, relying on a "made in San Francisco" brand that has grown more prominent. But challenges that include a growing crunch on industrial space and ever-higher costs of production could be a cap to this growth.

"When we tell consumers our products are made in San Francisco, their eyes get wide open," said [Joanne Medvitz](#), founder of five-year-old snowboarding apparel company Pop Outerwear. "People are becoming more conscious of where they spend their money and what brands they support. They're willing to pay more for a product made in San Francisco."

Pop Outerwear, which moved its production from China back to San Francisco last year, is among the manufacturers that have found benefits to producing within city limits. These include control over production, a pool of local designers, and access to sewers able to make small batches of products. The companies also enjoy a wide support network of other apparel manufacturers such as Edgevale, Spectrum, Taylor Stitch and dozens more.

Because of this, Medvitz said, Pop Outerwear has been able to double its production and revenue in the past couple of years

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Spencer A Brown

"Made in S.F." is more than a label, says Timbuk2's Brand Director Lizzy Fallows, left, with COO Tony Meneghetti. But some of its lower-cost lines are now made in China.

by selling its \$130 fleece jackets at a number of outlets throughout the city.

Boutique industry

The city now supports more than 4,000 manufacturing jobs in 500 companies — up from 2,500 jobs in 250 companies in 2011 — because of entrepreneurs such as Pop Outerwear, according to SFMade, a nonprofit that supports local manufacturers. The city has proven to be a good incubator for manufacturing startups, with 54 new companies launched just last year.

Altogether, SFMade estimates these companies contributed at least \$1 billion in direct revenue and indirect economic activity to the Bay Area last year.

San Francisco once had a thriving manufacturing center similar to many other U.S. cities, with more than 58,500 manufacturing workers in 1969. The bulk of larger production and distribution businesses left the city by the 1980s as suburban locations proved more attractive and affordable.

Much of the resurgence in the last decade has been driven by little guys taking advantage of San Francisco's growing influence as a brand in itself.

"San Francisco just has this cachet factor," said [Tony Meneghetti](#), chief operations officer of messenger bag maker **Timbuk2**, now the largest manufacturer in the city by revenue, which employs about 100 workers. "It's an iconic city, and everyone wants a piece of it."

Started more than two decades ago by a bike messenger, Timbuk2 makes more than 50,000 custom bags a year in a 20,000-square-foot facility in the Mission District that it's fast outgrowing. It's expanding to add another 7,000 square feet of production space within the next couple of months.

Timbuk2 displays the "made in San Francisco" label prominently on its custom-made bags — something that "is increasingly important to the consumer," said Brand Director [Lizzy Fallows](#). "It speaks to quality, craftsmanship and heritage of the brand," she added — and carries a 30 percent premium, as a result.

But that's a price not all consumers care to pay, and therein lies San Francisco manufacturers' biggest problem. Timbuk2, like any growing company, wants to cater to those consumers, too. Therefore its ready-made, cheaper gear is made in China, where the brand doesn't have to pay a premium to manufacture in bulk.

Considering moves out of S.F.

A number of other companies within city limits — including TCHO chocolate and Type A, a manufacturer of 3-D printers — also are considering moves out of San Francisco. With cheaper rent and more space in cities throughout the South and East Bay, the value proposition of being in San Francisco diminishes as companies expand.

Larger San Francisco companies that have scaled, such as American Giant, avoided this problem before even getting started. With headquarters in the city, it can still claim itself as a San Francisco brand, but its manufacturing facilities are in Brisbane.

"It just doesn't make sense if you're a large cut-and-sew facility," said American Giant founder and CEO [Bayard Winthrop](#). "We had a hard time to produce on the scale that we needed."

Still, some argue consumers are becoming savvier and want to know where their things are being made. And things made in San Francisco carry a certain level of expectation.



“San Francisco has a reputation for innovation, quality and coolness, so coming out of this city is great for anyone’s brand,” said **Anchor Brewing** CEO [Keith Greggor](#).

The brewery, which last year signed a lease to develop a 200,000-square-foot brewing facility and restaurant on Pier 48, is now the city’s largest manufacturing employer — but still small by national standards — and has led the trend for the city’s fast-growing artisan brewing community.

“It’s cheaper to make beer anywhere else — but our mission is not to make cheap beer,” said Greggor, adding that San Francisco is so central to Anchor Steam’s brand that it couldn’t go anywhere else, even if it wanted to. “It’s part of the fabric of the city — it has to be made here.”

Advantages to staying

Despite the challenges, businesses have many more reasons for manufacturing locally that go way beyond the branding advantage, said Greggor. Local manufacturers — especially in the food, beverage and apparel sectors — have become entangled with the city’s supply chain, which has tied local design firms with distribution firms.

Being in the city also makes it easier for employers to tap into the network of existing local artistic and technical talent. That’s especially valuable for companies like Dodocase, which makes custom iPad, tablet and phone cases and is planted at the city’s intersection of technology and craft.

“We operate in this high-tech field of accessories, so it’s super helpful to have the San Francisco brand,” said Dodocase co-founder [Patrick Buckley](#). “It helps us attract a wide variety of makers who live here that are extremely talented. So we have this employee base that’s really excited to work in a vocation that they love.”

Even though Timbuk2 has had to outsource a portion of its production out of the city, the company promises to always have a foothold in San Francisco, where 80 percent of its employees live. “We are committed to remaining in San Francisco and making things work,” said Meneghetti.

“The manufacturing sector is an industry that can be countercyclical to other industries, such as tech and finance, and it’s part of the heritage of San Francisco,” he added. “It’s part of the culture of how this city grew up and it’s something that should remain for a long time.”

Renée Frojo covers hospitality, restaurants, retail and nonprofits for the San Francisco Business Times.



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