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# Entrepreneur

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DECEMBER 2012



Assembled at home: The Tesla Motors factory in Fremont, Calif.

## AMERICAN BEAUTY

There's a rebound in domestic production

**G**randpa can stop complaining: "Made in the USA" is making a comeback. Early this year a *New York Times* poll revealed that 52 percent of the public thinks it's "very important" that products they buy are made in America. This past summer Starbucks generated all sorts of feel-good headlines for its Create Jobs for USA Fund. In one instance the corporation chose one of the last remaining U.S.-based pottery manufacturers, American Mug and Stein, to create merchandise for its new "Indivisible" brand, which donates a portion of sales back to the fund.

Same deal on the mass-production side. In September a PricewaterhouseCoopers report alluded to a "renaissance" in U.S.

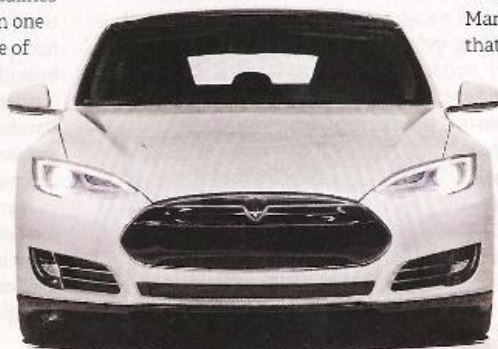
manufacturing stemming from factors like more affordable labor, higher shipping costs and a better financial climate—and the fact that "re-shoring" (returning production stateside) could mitigate \$2.2 billion in losses from supply-chain disruptions in 2011. Also helping the cause: a surge of homegrown innovation in the manufacturing startup

universe, including Tesla Motors' release of the world's first all-electric luxury sedan from its Silicon Valley headquarters earlier this year. (Robots help keep operational costs down.)

"One of the things we learned in the downturn is how to do things leaner and greener than we used to. We can get the same kind of revenue figure with less cost," says Karen Burns, co-founder of Oakland, Calif.-based East Bay Manufacturing Group, an organization that counts startups and multifactory operations among its members.

A recent group survey revealed that 69 percent of members were "very positive" about the current business outlook, with 38 percent expecting sales growth of more than 10 percent in 2013.

By keeping production close to home, companies reap benefits on the connectivity front, translating



into better products and systems. Case in point: San Francisco-based Everlane, which makes luxury apparel and sells it directly to consumers online, manufactures half its product line in the U.S. Founder Michael Preysman believed staying stateside would give him speed and more control over his inventory. He was right—over the summer, an endorsement on the popular lifestyle blog A Cup of Jo caused a flash sellout of 2,000 black V-neck T-shirts in a single day. If the tees had been sourced from overseas, rapid restocking would not have been possible.

“It can take a minimum of 12 weeks to get something shipped from overseas, but we can do it in a month,” Preysman says. “It’s maybe a buck more for a T-shirt, but here you can sit and go over the design details and touch the product.”



Sites like Etsy and Kickstarter also have made it easier to buy and promote local goods and services. For example, Susan Sarich, founder of SusieCakes, a self-professed “All-American Bakery” with eight locations in California, sourced hand-sewn holiday aprons from a Portland, Ore.-based Etsy artist. The relatively high price point for the aprons—\$49 for a set of two—reflects the use of organic cottons, incorporation of thoughtful design elements and the labor of custom embroidery, done in San Francisco. “I could have gotten it done for 3 cents an apron,” she says. “But customers appreciate the quality.”

Indeed, customers who appreciate “Made in the USA” tags are in good (and historic) company. In 1815 Thomas Jefferson announced, “I have come to a resolution myself as I hope every good citizen will, never again to purchase any article of foreign manufacture which can be had of American make, be the difference of price what it may.” —Jennifer Wang

