

Made in Rhode Island Manufacturing Collaborative

Public Session

Wednesday, December 11, 2013, 11:30 a.m.

Rhode Island Economic Development Corporation

Narragansett Conference Room

315 Iron Horse Way, Suite 101, Providence, RI

The following were in attendance:

Collaborative

Marcel A. Valois (chair)
David Blanchette
Paul McGreevy
Kelly Carello
Cristina DiChiera
Laura Hart

Advisory Council

Erik Bright
Lisa Carnevale
Jessica David
Bill McCourt
Giovanni Feroce
Craig Pickell
Harsha Prakash
Howie Sneider

RIEDC Staff

John R. Pagliarini
Sherri Carrera
Jennifer Howard

Opening Remarks

Mr. Valois called the meeting to order at 11:40 a.m. and had all attendees reintroduce themselves.

Approval of Minutes

Mr. Valois asked for a motion to approve the minutes from the meeting on October 29, 2013. A motion was made, seconded and unanimously approved.

Presentation by Ken Ayars, chief, Division of Agriculture, RIDEM, on the RI Seafood Marketing Collaborative

Mr. Valois introduced Mr. Ayars saying the Seafood Marketing Collaborative is a good framework for ideas. Ms. Carrera introduced Mr. Ayars, whom she invited to the meeting a month prior to talk about how the Seafood Collaborative started, since its inception was similar to the Made in Rhode Island Collaborative.

Mr. Ayars began with an overview of Rhode Island's vibrant food industry. The question is: How to support the fishing industry? Legislation was passed at the beginning of the 1980s to protect the state's farmland and agricultural industry when it went into decline. The "Buy Fresh. Buy Local." campaign by DEM has helped, and agriculture transitioned to a direct consumer relationship via roadside stands and farmers' markets. The Rhody Fresh Milk Cooperative was formed in 2004 and now consists of nine farms, which are doing very well.

Agritourism encourages people to visit farms and learn about the industry. Rhode Island is the only state in the country in which 100% of the school districts buy from local farms through the "Farm to School" program. Rhody Warm Blankets use locally raised sheep and are made in local mills; they sell out every year. Rhode Island is rated third in the country in direct market sales per farm. However, the state also has the highest real estate value per acre resulting in higher taxes. There is a massive effort to develop vibrancy in the economy to offset the negatives, and the local food movement is strong in the state.

The Seafood Marketing Collaborative Act of 2011 was composed mostly of state agencies with a council comprised of industry representatives. Subcommittees formed immediately in regulatory, local markets, branding, promotion and education, etc.

The Local Agriculture and Seafood Act of 2012 established a grant program of \$100,000 from the DEM FY2013 budget, which was matched by several non-profits. The funds were used to promote local products and assist starting farmers. Mr. Ayars said funding is an ongoing struggle. The USDA funded the group in the first year with a one-time grant of \$100,000, \$20,000 of which was used in the first year for marketing and promotion. The remaining \$80,000 will be distributed in locally based food system grants. The collaborative will have to go back to the General Assembly every year for additional funding.

Non-profits have shown an interest in what the collaborative is doing, and they are meeting to acquire funds that way. Various non-profit organizations are already contributing. There is a team of three who are responsible to apply for grants.

When Mr. Valois asked how much staff work is involved in managing the collaborative, Mr. Ayars responded that, in a perfect world, there would be a full-time person assigned. Mr. Ayars spends a lot of time himself working on the project. Mr. McCourt asked about the start-up cost of the collaborative, and Mr. Ayars said only \$30,000 of the USDA grant money was used; the rest is the responsibility of himself and other people working on the collaborative.

The group created a website – www.seafoodri.com.

The logo is limited to product grown in Rhode Island's waters or imported into a Rhode Island port, and only fishermen who sell dockside or those dealers they sell to are allowed to use the

logo. The regulations were promulgated in 2013 and were conservative so the public wouldn't question what the logo meant. Mr. Ayars said the group asked fishermen what they would like the logo to stand for when deciding how to qualify product. And, even those who do not qualify are viewed as contributors and are helped by the collaborative. If a fisherman is raising and catching product in Rhode Island, there is no question that they qualify. Wherever the product comes from, if it lands in a Rhode Island port, it is also qualified product. The logo can be freely used by those who complete a successful application, and then a restaurant can use the logo via chain of custody. The logo is trademarked and regulations are in writing to protect the brand. The penalty for logo misuse is permission is no longer granted to use the logo; the enforcement of such is complaint driven.

Mr. Ayars did not have statistics on whether the program has influenced fishermen to use Rhode Island ports. Dave's Marketplace and Nick's on Broadway are among the first dealers to use the logo. They, along with the efforts of The Local Catch, Trade & Trust, farmers' markets, other restaurants, and Johnson & Wales, are moving the program forward. Dave's Marketplace has the logo on the fish in its cases. DEM will be distributing a press release and add the logo to their website. An article is in the process of being written for *The Providence Journal*.

Not everything is logo-based. The collaborative started the Galilee Fishing Tournament in 2013 to encourage people to walk around the port and see what an incredible asset it is that is supported by DEM and is state-owned. It connects the consumer with the supplier, building a relationship. The fishermen are opening up as they realize people want to know where their seafood is coming from. Outreach also includes having a presence at the Eastern States Exposition in Springfield, MA, in 2013, where they had a display in the front room of the Rhode Island building to promote, and there were seafood-related vendors throughout the building.

The collaborative is also involved in regulatory reform and funding. The tip of the spear is marketing efforts, but there are many efforts going forward simultaneously. The function of the collaborative is to continue ongoing discussions with the industry to refine the program.

Rhode Island had \$26 million in seafood exports in 2013, which continues the trend of a slight but steady decline in the last five years. The collaborative relies on federal statistics to measure economic impact, but they are working on resourcing their own research and statistics.

Manufactured in North Carolina Website Demonstration

Mr. Valois asked how to create a database of manufacturers and how to find out how many there are with additional information about them. Ms. Carrera pulled up the Manufactured in North Carolina website as an example noting it is a simple website with a simple registration process. Mr. Pagliarini pointed out how the manufacturing categories are alphabetized on the homepage.

Ms. Carrera navigated through the website. The FAQ contains simple definitions. Who is eligible for the program? Anyone based in the state. The program is just a website, where, for example, Mr. McCourt could find something Mr. Pickell sells quickly and simply. There is a one-page application on the site, and the program is free to enroll in. Mr. Valois said that the companies enter the information themselves.

Mr. McCourt said this is an initiative they have already undertaken through the Manufacturing 2500 Renaissance Project. This could be a categorization according to the collaborative agreement, identifying companies within a Rhode Island product category and used as an information source.

Ms. DiChiera cautioned that directory websites can be difficult to manage, as she found when looking through the Made in North Carolina site – some links did not work and website management was hard to find. She asked if businesses benefit from a site like this. Searching the site brought up mom and pop stores next to major manufacturers, which decreases the usefulness. Networking and telling a story is more important.

Ms. Hart asked who will be using the site and how will that be tracked. Mr. Valois said this is not an economic development tool; this is an informational site that will complement the economic development site that is currently being worked on – www.greaterrri.com.

Mr. Pickell said the site would enable networking and promote local companies, showing the good businesses that are located here. It would counteract the negativity around business expansion. Mr. Sneider said that he likes doing business in Rhode Island because it is easy to get in touch with other businesses. The site could be used to highlight those connections and could be valuable to those looking to do business in the state.

Ms. Carnevale said the takeaway from Mr. Ayars' presentation is protection of the logo. The group hasn't discussed what the logo means and how to protect the brand. Mr. Valois suggested devoting the next meeting to that discussion. Ms. DiChiera said, for the Seafood Collaborative, that definition came from discussions with the fishermen. She suggested getting local manufacturers around the table for feedback. Mr. McCourt agreed but asked who the constituent is?

Mr. Feroce posed the questions: Why are we doing this? Who is the audience? Are we telling Rhode Island, or other states, or the world, to buy Rhode Island products? The answers to those questions will drive the effort. Why is it important to a company in Westerly to be Made in Rhode Island? It is important to Alex and Ani because it represents made in America and that is what they are going for. It is important to the food movement. What is the intent of the legislation?

Ms. Carnevale said they need to recommend to the General Assembly how to move forward with the initiative. Mr. Valois disagreed. If the group thinks it's a bad idea, they should recommend that.

Mr. Bright said he was going at it from a maker standpoint. It is general awareness, building pride, branding, making people aware of what is made in the state, tapping into the local movement. There is a much smaller manufacturing center in the state, and it applies to all levels of manufacturing. They could set up networking as an extension because it is lacking. It is an opportunity to take a small sector of the manufacturing community and identify it, with the intent of providing incentives in the future. Maybe it won't be a large group, but that would be a good thing because change starts small. It could be opened up later to a larger group.

Mr. Feroce read the legislation, which emphasized branding and marketing, but it is missing the “to” – who they are branding and marketing to. The audience will determine the recommendations, the actions and the budget. Ms. Carrera echoed that is what the group was created to determine. Mr. McGreevy said the final report can have a series of options with actions, cost and benefit attached to each. They will meet the spirit of the law on what they were tasked to do that way. Ms. Carnevale said the bigger, long-term intent is to recognize and benefit those companies who are manufacturing in Rhode Island. Mr. Valois asked the difference between maker and manufacturer, the different process, the different customer base. Ms. Carnevale asked why it matters; it can benefit all.

Discussion on Next Steps

Mr. Valois asked the group how the next meeting should be structured. Mr. Bright said everyone should come with suggestions. Manufacturing a product consists of design, assembly, parts and materials, packing, branding and marketing. The group should talk about what parts would qualify a company or product and if a point system will be used. Mr. Pickell said the tax relief code does not cover all of those steps individually; distribution is not included. Ms. DiChiera said the business, design and manufacturing divisions never get together to discuss what is happening in the industry, and they should, regularly. Ms. Carello said the Secretary of State office requires businesses to have certain descriptions when registering, which are all listed on the website. She will look at how they can share that data.

Mr. Valois asked if the Secretary of State office is willing to serve on a subcommittee consisting of Mr. Bright, Mr. McCourt, Mr. Prakash and Mr. Pickell. Ms. Carello agreed. Mr. Valois said the next meeting will be dedicated to determining a Made in Rhode Island definition, who the customer is and how to proceed further.

Mr. Valois adjourned the meeting at 1:12 p.m.