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## **INDIANAPOLIS MAKER INDUSTRIES & MANUFACTURING LEADERSHIP STRATEGY**

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**July 15, 2015**

The City of Indianapolis selected Recast City LLC to lead a three-day workshop on local maker industries and manufacturing leadership. This memo is a summary of the workshop, including all interviews conducted onsite, and a short list of recommendations to uncover the existing businesses in the production economy, expand participation in the sector, identify local leaders for the efforts, and bring its energy into redevelopment opportunities in the city.

The goals of the workshop included:

- Bring together community leaders from major businesses and small maker industries to create a focused set of goals for the local production economy in Indianapolis;
- Identify target individuals who are likely to lead the effort moving forward;
- Identify concrete steps the group can pursue to launch a coordinated effort to expand and promote the local production economy; and,
- Secure commitments on target actions from local leaders.

The workshop was held May 11-13th, 2015 through funding support from the City. Recast City met with local producers, neighborhood development leaders and other community representatives during the visit. The first two days of the workshop consisted of one on one meetings with local producers, onsite visits with a local community development corporation, Riley Area Development Corporation, interviews with Pattern, a local fashion magazine and the City's leading advocate for makers and a shared workshop, and tours of existing and potential industrial space in different urban neighborhoods of Indianapolis. On the third day of the workshop, Recast City facilitated a strategy discussion with key stakeholders about the assets, challenges and potential next steps to strengthen local maker industries and their connection to neighborhood redevelopment, and to identify organizations and individuals within the community who might take a leadership role moving forward.

The intent of the workshop is to provide the City of Indianapolis and local stakeholders with a set of concrete steps that will support the diverse, local small-scale manufacturing businesses and integrate their growth into neighborhood redevelopment. The group of



stakeholders engaged to date, and the leaders identified through this process, will need to determine priorities and responsibilities to carry out the actions within this list.

## National Context

Demand is growing nation-wide to mix industrial land uses back into our cities. Local manufacturing is on the rise and small production is cleaner and quieter than ever before. Communities that recognize this demand and harness it will take a key step to diversify local real estate markets and the employment base. Bringing these businesses and jobs back into neighborhoods provides a number of benefits to our communities:

People as an Amenity: Small-scale producers and manufacturers attract people who want to be a part of the Maker community and support locally made products. Events to showcase new products and new business workshops can help bring people together, strengthen the community of producers, and promote it as an employment avenue to more neighbors. Neighborhood based employment services can provide the Maker community the labor needed to scale production beyond a sole proprietor operation.

### Small-scale manufacturing

This is the umbrella term. It includes all types of small businesses producing tangible goods. This includes businesses producing goods in textile, hardware, wood, metal, 3D printing, and food. This also includes hardware prototyping, consumer product design and prototyping, film production, breweries and distilleries, and local food production and

Economic resiliency: Cities with a diverse set of small businesses can weather market changes more successfully and are less likely to lose their growing businesses to other cities or countries. Many cities are working on “economic gardening” – the concept of growing the size and scale of existing local businesses – because these owners are most likely to stay in town. Building affordable spaces for these businesses to stay in the city is another key step to retention.

Power of the Local Market: The growing movement of Buy Local is spreading across the U.S. and providing producers with strong local markets alongside access to a global market through the internet. Organizations like [Detroit Creative Corridor Center](#), a creative industries advocacy organization, and [SFMade](#), in San Francisco, work to strengthen the community of local producers and help them market their products locally and globally. More people are gravitating towards unique and custom products on sites like [Etsy](#), to pop-up events like MadeInDC, or e-commerce platforms like [The Grommet](#). The local market is growing in power and the dollars spent in it are growing. Domestic designers are increasingly looking for domestic contract manufacturers to do small batch runs of custom products when they want to scale their businesses.



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## Context in Indianapolis

The potential for small-scale manufacturing to grow in Indianapolis is real. Older small manufacturing businesses survived the latest recession with very diverse portfolios of products, while many new production businesses came on line in Indianapolis in the last five years from local designers. Interviews with a set of local businesses during the site visit illustrated that there is strong growth potential in a number of sub-sectors in small-scale manufacturing – particularly:

1. Maker industries
2. Contract manufacturing for small batch production
3. Biotech innovation
4. Motorsport and automobile technology

Business owners are launching products faster with access to online marketing and sales. Local businesses are already congregating in key districts and are interested in being around a “community” of other producers. Long-term economic resilience of this sector will grow stronger as the City and its partners continue to support the concentration of these businesses in key neighborhoods and promote them more broadly. Where these businesses are located and how they support neighborhood reinvestment will be equally as important as what they produce.



The small-scale manufacturing sector is important for Indianapolis’ economic and neighborhood strength. These businesses create more job-type diversity with salaries that are significantly better than service sector jobs – often \$50,000-\$60,000 a year. In one survey of small-scale manufacturing business owners, 40 percent of owners did not have a college degree. The diversity of businesses will help the City weather future economic downturns to be less dependent on one or two major sectors for employment. These businesses also diversify the real estate tenant mix in the city.

More details about these sub-sectors in Indianapolis:

1. **Maker industries** - Maker industries are stand-alone businesses that produce goods – often by hand or with a small set of tools. These business owners may be referred to as artisans. They have a few defining characteristics – they are full-time producers, they are generally a sole proprietor business or have 1-2 employees, and sell their goods online or at local markets. These businesses often use about 400 to 600 square feet of space. These businesses are growing out of the local art and design programs in the Indianapolis area. They are a unique asset to the City because these producers can choose to live anywhere. Low-cost work space and a low cost of living will be key to these owners. Local businesses such as [Mercurious Designs](#) and [Osborne Design & Craft](#) are examples of this type of business.



2. **Contract manufacturing** – Contract manufacturing businesses produce items designed by clients often in smaller batches than what is required by the major international manufacturers (mostly based in China). These are full-time businesses, generally in 2,000 to 20,000 square feet. They market their production capacity, not any specific products. They may produce textiles, hardware, wood products, or other items. Their clients may be from Indiana but are all domestic. More U.S. based businesses are looking for domestic contract production partners to be able to work in person with production runs, refine products more easily, produce smaller batches of products, and lower shipping costs. Indianapolis is home to a number of contract manufacturers and could become known as a resource in this market.
3. **Biotech innovation** – Biotech innovation business are a long-term growth sector that will include spin-off products from the existing major biotech manufacturers in the City and small research and development firms that may be attracted to 16Tech. These businesses may benefit from shared R&D space, wet labs, or access to other industry tools like nanotechnology. One model for this type of sector growth is at [Wake Forest Biotech Place](#) which provides clean lab rentals to researchers and small businesses for R&D. These businesses may use shared space at 200 square feet each, or may need their own production space more in line with contract manufacturing.



4. **Motorsport and automobile technology** – Businesses focused on the motorsport industry are a long-standing sector in Indianapolis. These businesses are often producers of small-scale goods and innovators in the fabrication of racecars and other automobiles. The long history of these businesses should be leveraged for long-term economic growth, and these business leaders should be engaged as mentors to other businesses in the area. *Note: These businesses were not a significant part of the interviews and therefore are not the focus of this memo.*

The recommendations below focus on these sectors, but are obviously just a start. A full compilation of businesses in these sub-sectors and a complete demand analysis of these business types and their business development and real estate needs would help refine actions moving forward. As the City and its partners promote these sectors, local leaders need to continue to bring people together to make connections between sectors. Leadership from the private and nonprofit sectors will be key to support this sector over the long-term.

## Recommendations from the workshop

The recommendations below were developed out of local discussions, best practices from other communities, and the assets and challenges specific to Indianapolis. The activities are focused on concrete programs and activities local leaders can take on to support this sector's growth.

1. **Create a One Stop Shop for small-scale manufacturing businesses.**

This request came through loud and clear from the small businesses that participated in the one on one interviews and the workshop discussion. Most of the maker industry businesses are not aware of existing services available to them and are looking for an aggregator of information. In some cases, these needs are focused on business development opportunities and in others the needs are specific to real estate investment and rehabilitation of vacant properties that could be used for small production businesses. Many of the business owners interested in this kind of





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support are sole proprietor maker industries or may have one or two employees and have little time for research. A few actions that will support this effort include:

- Promote existing business development services to local maker industries. The types of assistance needs identified by these business owners includes: insurance solutions for workers' compensation so that they can hire more staff or apprentices; shared accounting and bookkeeping support; pro bono legal council; access to mentors with experience in small-scale manufacturing; tools and experts that can help refine project pricing estimates; employee search and placement for tool intensive startups; group marketing of products made in Indianapolis; training on how to scale production businesses and appeal to investors; and, training to excel at [Kickstarter](#) campaigns and [Local Stake](#).
  - Some of these solutions are provided through the Indy Chamber's [Business Ownership Initiative](#) (BOI), but some of the one-stop shop needs are specific to businesses working with manufacturing tools and products, some can be supported through the existing network of university programs in the City.
  - [Techpoint](#) is providing some of these needs to the tech startup community. Discussions with them about outreach specific to the maker industries interested in scaling could also be helpful.
  
- Make it easier for small-scale manufacturing businesses to purchase buildings and understand expansion incentives. Many of the local production businesses are growing and see local real estate as an important step to secure their financial security and not be priced out of redeveloping neighborhoods. These businesses need streamlined information about local, state and federal incentives to expand in Indianapolis and to purchase buildings for their use in the target neighborhoods. The Indy Chamber summarizes many of these programs [here](#), but connecting the business owners with the Acceleration Team may be a key, proactive step. A few programs that could be promoted more intensively to local producers include:
  - 10 year tax abatement program for businesses that make significant property improvements and retain jobs in the City.
  - One to three year tax abatement for rehabilitation of properties vacant over one year being reused for commercial or industrial purposes.
  - BOI Entrepreneurship Services' micro-loans of up to \$50,000, along with free business coaching and classes.
  - Federal Small Business Administration [Growth Accelerator Grant](#) to compete for a \$50,000 grant to support a manufacturing accelerator in Indy, which could build on the Ruckus plans.





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**2. Advocate and brand the small-scale manufacturing sector as cool and productive – for maker industries, contract manufacturing and biotech innovation/invention startups.**

The small-scale manufacturing sector in Indianapolis is strong and growing – but few people know it is there. Consumers are not aware of it. Funders and investors are not aware of it. And contract manufacturing clients are not aware of it. This sector needs significant advocacy, co-working makerspace, branding and promotional work conducted around it to support the existing businesses in the community and to attract others to the City. Each sub-sector will have a different audience. The outreach to each of these audiences needs to be thought through from the start. For instance, the audience for local maker industries will likely be direct consumers, locally owner retailers and regional retailers, while the audience of local contract manufacturers will be designers and prototypers from across the country. A few activities that will support this branding include:

- Make the business case for the maker industry in Indy to funders and to the community. Potential investors (both public and private) and neighborhood leaders need to understand the benefit of maker industries to the local economy. This includes outreach to state and local economic development authorities, local corporate foundations, and the broader business community. This also includes promoting these businesses as an asset to a neighborhood as a way to bring more activity to neighborhood industrial sites, local retail corridors and more jobs into the neighborhoods and overall community. A full spectrum of the maker movement from microenterprises using co-working based makerspaces to growing established small scale manufacturing businesses should be encouraged in community development efforts.
- Brand the maker industries as cool to promote sales and build business support. A coherent brand for the maker industries, like the Make Indy concept, will be key to attract attention in the local market, in social media, and to help promote more sales from local businesses. Local makerspaces and incubators can be utilized as physical locations to promote, develop and





launch ideas. A small group of makerspaces can support a diversity of in depth incubators for fashion, woodworking and leather making. The community should create a branding package and logo that local businesses can adopt to show their role in the community. The branding team will need to determine if this is Indianapolis/Marion County specific or inclusive of the nine county region.

- Identify more maker industries in Indianapolis. During the onsite visit, we were able to interview only a few of the many maker industries in the region. As defined above, these maker industries are generally one to two person businesses, operate in about 500 square feet (although this may be on the low side given the affordability of space in Indianapolis right now), sell their products online and at local markets, and may have their own small retail space. These producers work in textiles, wood, metal, jewelry and food. Some of these businesses may be home-based businesses – these business owners should also be brought into the conversation.



- Map the physical locations of the existing maker industry businesses and the virtual locations of existing makers and consider sending new businesses to the existing pockets of activity. From our discussion with maker businesses in the textiles, one of the business owners created a google map of local fashion businesses (above). This is not comprehensive, but represents the most engaged textile businesses in the community. Consider a virtual collaboration for online marketing and retailing. Reach out to [Handicraft Exchange](#) organizers to identify all the Indianapolis-based businesses involved in their events. This type of research and mapping should be completed for the entire maker industry.
- Reach out to business owners who are people of color, ethnic minorities and immigrant populations. Bring them into the meetings and discussions. Find their champions who will be a part of the leadership for this sector moving forward. Work with the Hispanic Business Council, through the existing LISC Centers for Working Families and Exodus to identify maker businesses. Directly support local makerspaces and incubator programs operations to engage diversity. Reach out to Intel and its new \$125 million investment fund for women and minority-owned businesses and promote local businesses to their fund.





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- Promote Indianapolis contract manufacturers nationally. Consider creating a website specific to advertise the capacities of contract manufacturers in Indy. The [Conexus Indiana](#) website is a good start with the Indiana Supplier Insight section, but this program is statewide and predominantly aimed at filling in the supply chain for major corporations. This is an important role, but can be expanded. Develop a relationship with a small manufacturing resource platform such as BriteHub to enhance B2B activity. Businesses launching on Kickstarter or those already getting traction on e-commerce sites, may be interested in hardware, textile, wood, and metal fabrication for products in batches of hundreds or thousands. Promoting Indy contract manufacturers to this growth sector could be very profitable for local businesses.
  
  - Promote Indianapolis as a key center for biotech innovation as 16Tech launches. Although 16Tech is still in the planning phase, the regional biotech community will benefit from attracting small-scale biotech innovators to the district once it is built. This may include building space for shared labs and small spin off businesses from the universities.
  
  - Create and promote a few key events each year to showcase different parts of the Indy small-scale manufacturing community. These events can build off of existing activities in the community and/or work to attract a new and national audience for certain sub-sectors.
    - Host a [Manufacturing Day](#) event. MFG Day is a series of events nationwide that occur every October. The goal of the event is to open up manufacturing businesses to the community and to promote them as key community employers. The Indianapolis community could organize an open house tour of a set of local producers. One tour could be focused on contract manufacturing and one on local maker industries.
    - Create a motorsport invention competition in honor of the 100<sup>th</sup> running of the Indy 500. This event will be a great opportunity to attract motorsport inventors from across the country to Indianapolis. The competition can attract students, auto-focused startups, and supply chain industries to participate. Indy 500 organizers also can be connected with local producers to procure other products for the event.
    - Create a tradeshow event to showcase contract manufacturing in Indianapolis to a national audience. Consider reaching out to [Kickstarter](#), [Maker's Row](#) and [Custom Made](#) to develop the event and connect to their designers. Consider attending established regional and national events as a maker community such as [Detroit Design Festival](#) on an annual basis to connect with the Maker movement in the Midwest.



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### 3. **Focus investments in neighborhoods that will be used for small-scale manufacturing over the long-term.**

Many small-scale manufacturers interviewed were surprised to hear that the City is interested in this business sector and that there is interest in defining a community of businesses within specific neighborhoods. As the City, its Community Development Corporations, the Indy Chamber, and local developers reinvest in neighborhoods, it will be important to define where small-scale manufacturing uses should collect and how the City and local stakeholders will support those areas. These leaders will also need to define the benefits to those neighborhoods and engage nearby residents in business and development plans. A few details regarding this include:

- Establish districts for small-scale manufacturing in Indianapolis. This can be done through neighborhood plans, zoning decisions, and City investments in catalytic projects like the Circle City Industrial Complex and the areas along East Washington Street. By defining the expected uses in these districts, developers and small manufacturing business owners will understand the investment opportunity in the neighborhood.
  - Plans need to be fine-grained based on the types of small-scale manufacturing businesses. For instance, maker industries can be wonderful neighbors in a residential area with micro-retail frontage that brings vibrancy to an historic commerce street. These businesses can also serve as a buffer to the larger footprint producers. Production businesses at-scale using 10,000-20,000 square feet may be better behind these retailers or along the rail corridors. Many businesses are already looking at the Mass Avenue Brookside Corridor along the rail tracks, and others are eyeing the Washington Street area.
  - Adopt local policies that may address land speculation in transitioning manufacturing neighborhoods. The City should consider a split land value and property improvement tax, instead of a singular property tax. Harrisburg, PA is one of the best examples of this where the land is taxed at a 6:1 ratio compared to the property improvements. This discourages property owners from just sitting on undeveloped land because most of their tax is based on the land value. More details are available in this [report](#) with a great summary from Next City [here](#).
- Connect property owners with potential maker industry tenants. Most property owners do not know how to find micro-retail tenants or maker industries that could be interesting storefronts in redeveloping areas. Similarly, small manufacturers starting to scale (above 5,000 square feet) mentioned that they are having a hard time finding space in the target corridors. The community would



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benefit from some entity being a connector between these business owners and the property owners.

- Create a matchmaking service for affordable production space through Make Indy similar to the [Places to Make](#) service provided by SFMade. This will show the local producers that support is available and will help the property owners connect with tenants quickly and at a low cost.
- Offer low cost loans to small-scale manufacturers to build out space in target neighborhoods. This will help the businesses even out costs so that they do not need to pay for all the interior rehab up front.

#### **4. Launch the industrial land bank and use it to assemble lands for the district plans.**

The partnership between the City, Indy Chamber and LISC to create a land bank to purchase, assemble, and dispose of industrial properties is a strong tool to support industrial uses in target neighborhoods. The management of this land bank should be transparent and the goals of different areas of assembly should be stated clearly to the public and development community. Some items to consider as the land bank is established:

- Require a minimum percent of development to be used for industrial purposes. This requirement may be specific to a set of properties or it may be detailed in the underlying zoning of the area. For instance, redevelopment close to downtown along Washington Street may benefit from some mix of uses to create a strong set of nodes of activity. The street front could require 50 percent micro-retail that allows maker industry businesses to have production and retail space in one shop. The total FAR could require 30-80 percent industrial uses, depending on where the property is along the corridor. Similarly, the frontage of CCIC across from houses could open up and provide micro-retail spaces as well to bring more activity to the neighborhood. *These percentages are provided as examples only, and will be dependent on a full demand analysis and specific properties.*
- Consider using a tool like the City's RFP process as a vehicle to dispose of assembled lands to make sure that community goals are achieved. The public transparency of the RFP process will help create community support, while setting clear development goals will help achieve key outcomes.
- Promote the RFP's nationally to attract outside developers who may have more experience with industrial mixed-use development. Alternatively, bring outside developers to Indianapolis to meet with local developers and share lessons learned through a partnership with the Urban Land Institute.



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- Reach out to local manufacturing businesses as potential building owners. These business owners may partner with each other on an RFP to buy their own properties, partner with a developer in a joint venture, or use the opportunity to negotiate a long-term leasing relationship with a developer.

## Other Key Issues to Address

Based on national trends and some gaps identified in the one on one interviews and the workshop discussions, a number of other issues should be addressed as this work moves forward. Specifically:

1. **Increase Diversity.** Indianapolis' diversity is not apparent in the maker industry and manufacturing discussions yet. Marion County's population is one-third individuals of different minority descents and this should be reflected in the business community too. Outreach to minority business owners will be an important step to identify local maker industries and contract manufacturers. Programs at Ruckus should purposefully reach out to community leaders in low income and minority neighborhoods.
2. **Create a refined real estate model for industrial uses.** The small-scale manufacturing businesses in Indianapolis come in many different sizes and cover many different industry sectors. This means that they will fit into different real estate contexts. From retail/production space, to makerspace, to shared business space, to small-scale manufacturing – each type has a different relationship with neighboring uses. Different uses work well in different places. For instance, the City should discuss the role of retail/production space in redevelopment and new development. It is a key asset for local neighborhoods and strong placemaking. The City should work with real estate developers to understand these uses, their needs, and how to incorporate them into projects.
3. **Launch Make Indy brand.** The Indy Chamber, Pattern and its allies should establish the Make Indy brand and continue to pursue the SFMade model.
4. **Work with EmployIndy, the LISC Centers for Working Families and small-scale manufacturers to train residents for the new needs of local businesses.** The existing programs at EmployIndy focus on manufacturing training for the large industries. The community needs leadership from EmployIndy or other local entities to create a pipeline of trained labor for the growing contract manufacturing businesses, biotech technicians, and new maker industry business owners. These types of skills demand broad based knowledge and problem solving will be different from the training programs for large-scale manufacturing. EmployIndy and others should



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consider establishing an apprenticeship program that trains and places low-income community members and individuals who lost jobs in the latest recession with growing small manufacturers.

5. **Bridge the gap between local tech startup programs and maker industries.** The City and Indy Chamber can operate as conveners to help bring these two sides together. The community can host educational programs that purposefully reach out to tech and manufacturing business leaders. Some maker industries are scalable for investment and could be the focus of an event series. Programs like [1millioncups](#) are helpful to bring both products and tech together in front of an audience.

## Next Steps

Indianapolis is taking bold steps forward to support its maker industries and small manufacturing business sector. Recent activities, such as the investment in Circle City Industrial Center, operating support for Ruckus, establishment of strategic incubators, establishment of the industrial land bank, and discussions about a Make Indy brand all show the local production community that the City wants them to stay and grow. Additional strategic activities will solidify Indianapolis' position as a place attracting talent to grow the modern production economy. Where these businesses locate and how they connect to neighborhoods will significantly impact future redevelopment. The City, Indy Chamber and others involved in this work should continue to discuss how this all comes together and achieves the community's goals to create a great place to live and work in Indianapolis.

**To:** Adam Thies and Adam Collins, City of Indianapolis, Marion County, Indiana  
**From:** Ilana Preuss, Recast City  
**Re:** Indianapolis Maker Industries & Manufacturing Leadership Strategy  
**Date:** July 15, 2015