

From biomed to beer, rebranding can spur regrowth

By Laura Ricketson

Innovation, creativity, smart marketing and rebranding have been vital to the success of two Rhode Island companies, whether reviving an old local beer or supplying fabrics and fibers for the biomedical industry.

For Mark Hellendrung, president of Narragansett Beer Company, and Randy Spencer, CEO of Concordia Manufacturing, those elements were part of how their companies have responded to competition and changing markets. Both men shared their experiences as part of the Brown Forum for Enterprise on Oct. 20, at the University of Rhode Island, as part of the panel discussion, “Value Creation: Innovation, Rebirth, Rebranding.”

Concordia, based in Coventry, had its beginnings as a textile manufacturer, and since 1920 has grown and expanded into markets ranging from sports equipment and Velcro to clothing, components for bulletproof vests and airbags.

With markets changing, however, Spencer realized Concordia needed to change with the times. The company is now expanding its fiber technologies into the biomedical manufacturing industry, particularly for tissue scaffolding.

“All of these (products) were being challenged” by manufacturing overseas, Spencer said. “Since 1998, we’ve lost about 50 percent of our business. I saw this and realized we had to change, and get into an even higher value-add product.”

Using the same fundamental process with which the company made textiles, Concordia now makes the BioFelt scaffold, an absorbable, non-woven 3-D felt. Cells are seeded onto the material, which eventually forms new tissue. Concordia forms partnerships with medical device companies, said Spencer.

“We went back to what we know,” Spencer said. “We decided to try something else, and that was in tissue manufacturing. We were able to take fibers and turn that into a yarn, and that was strong enough so that they could make a knit. Before we knew it, we needed a clean room.”

A FRESH APPROACH

Narragansett Beer was established in 1890, and for more than 80 years was the preferred beer of Rhode Islanders and New Englanders; it was even the official beer of the Boston Red Sox from 1952 until 1975.

In the 1980s, however, the company fell victim to increasing competition and poor management and closed. Now Narragansett Beer's new president, Hellendrung, is re-establishing the company with a fresh approach to rebranding and marketing.

"We're fortunate to have a brand with great history, but we need more than great history," he said. "There's lots of competition. Budweiser is the No. 1 beer with 50 percent of the market share. We can't outspend those guys."

When Hellendrung studied the market, he determined that most states have their own local popular beer; in Pennsylvania, for example, Yuengling is the preferred beer. These smaller brands, he said, are each succeeding in their "own small way." Rhode Island lacks a local beer, and Narragansett Beer, Hellendrung said, will fill that void.

"People differentiate themselves with their brands, their beer," he said. "Narragansett is the right brand for this place, to fill this hole. New England is the right place to start this." For Concordia, going through the process of re-education and retraining for new product development in the biomedical industry, while working to remain profitable and pursue the core business, has been a struggle, said Spencer. But the future of biomedical manufacturing looks promising.

"We were able to combine our expertise in textile manufacturing and fiber weaving and apply it to a whole new market and a whole new set of parameters," Spencer said.

Narragansett Beer's resurgence depends on creativity, said Hellendrung – rebranding that's contemporary, but pays homage to the past, getting local establishments to carry the beer instead of chains, and even claiming a holiday (Fathers' Day) as its own and wrapping beers with Narragansett Beer ties.

"You as the entrepreneur need to be engaged in the business, whether it's cash, investment or a loan," he said. "It gives potential investors confidence when you have something invested in it. Don't shortchange the amount of time, money and energy you'll have to put in investing."

Jack Early, president of Ching Long Capital & Distribution, a serial entrepreneur and considered an expert in e-distribution systems and multi-channel sales marketing and technologies that support e-business, said when he examined Hellendrung's business plan, he recognized the business savvy. Early served as one of three panelists who discussed the two companies' plans for innovation.

"He was already invested and he had colleagues and other folks interested and he offered

them preferred shares,” Early said. From an investor’s point of view, “we can see from the beginning, to the midpoint, to the end game.”

Peter Dorsey, vice president of the Business Development Company of Rhode Island and an advisor to the Cherrystone Angel Group, the state’s first angel investment group, shared advice for all businesses looking to innovate.

“Passion is great, but it’s not going to breed success; in fact it can sometimes impede it,” he said. “(Investors) want to make sure it’s not just someone starting a business in something they like to do as a hobby.”

Lee Phenner, vice president of brand identity and content strategy for Hill Holiday Design, applauded Hellendrung for his brand design and recognition of the fact that Narragansett Beer Company can’t and shouldn’t compete with the larger national beers.

Published 10/29/2005

Issue 20-29