

Chicago Tribune

Chicago gets new Method soap factory, glimpse of future with fewer workers

By Melissa Harris | April 28, 2015



Workers package Method soap that is produced and bottled at its new factory on Chicago's Far South Side in March. (Antonio Perez, Chicago Tribune)

Method's state-of-the-art soap factory on the Far South Side celebrated its opening Tuesday and offers glimpses into the future of Chicago's economy.

As corporations increasingly calculate that wind power, recycling and natural ingredients are good for the bottom line, Chicago's unparalleled railroad network and access to fresh water will become critical advantages in the fight for new jobs.

The challenge is that new factories will offer fewer and fewer reasons to celebrate — because they will require fewer and fewer workers.



A Method soap manufacturing plant is opening in Pullman. The building happens to be earth friendly, with a rooftop garden and solar panels. (WGN TV)

By the end of the year, Method's highly automated factory will produce more than 70 percent of the company's liquid cleaning products — that's more than 4 million gallons of liquid annually — with as few as 15 workers a shift.

At three shifts a day, that's 45 workers producing liquid cleanser equivalent in volume to about 231 backyard pools, or enough Method product to stock 70 percent of all of the Targets and Whole Foods in the United States.

In another wing of the factory, subcontractors employed by Amcor run machines that blow and mold plastic beads into Method's signature bottles. In total, Method will employ 66 people here, while Amcor will employ approximately 20.

Now consider that Method and the project's developer, the Chicago Neighborhood Initiatives, will receive an estimated \$9.6 million in state and city tax incentives for the project.

Much of that money — \$8.1 million in tax increment financing from City Hall — has already been spent on land preparation and infrastructure improvements.

When set against employment numbers, the tax breaks amount to about \$112,000 per worker. Yes, the city wins a gleaming factory. But at what cost? To what effect?

The prevailing belief is technology destroys some jobs while giving rise to others. That is not quite working out as robots' capabilities increase. They can deliver luggage to your hotel room, conduct aerial land surveys and even administer you sedatives.

The New York Times recently used the self-driving vehicle as an example of the promise and danger of automation. Self-driving cars "could put truck and taxi drivers out of work — or they could enable drivers to be more productive during the time they used to spend driving, which could earn them more money. But for the happier outcome to happen, the drivers would need the skills to do new types of jobs."

A land surveyor, for instance, would need to learn how to operate a drone.

There's no way to undo, stall or reverse such trends. All a good salesman can do is exploit the advantages that remain.

As a case study, Method offers several advantages that Chicago can mine.

Company co-founder Adam Lowry said the most cost-effective aspects of this factory trace back to the company unwinding itself from a reliance on fossil fuels.

For the first time, Method has bottle and soap production and distribution in one place, reducing transportation costs.

The second saver is rail access. A rail spur connecting the tracks across the street to the factory will be built soon.

"Rail transport is one-tenth of the carbon footprint of truck transport," Lowry said, explaining that rail shipments, for example to its West Coast facilities, are also cheaper as well as cleaner.

Then there's the 23-story wind turbine outside and the two rotating solar panels in the parking lot. The windmill cost \$2 million, Lowry said. It's currently covering all of the plant's electricity needs because only one production line is running. Two more will go online by the end of the year. Lowry anticipates it will pay for itself in seven years.

"You insulate yourself against commodity cost risk," Lowry said. "And in the soap business, where you charge \$3 a bottle and there's not a ton of margin, all businesses in our industry are really exposed to commodity cost risks.

"In 2011, oil prices spiked, causing a lot of our competitors to raise their prices. ... Meanwhile, with the windmill, our energy costs will be totally stable."

Originally from Grosse Pointe, Mich., Lowry has lived in the San Francisco area for the last 17 years. He's a former Carnegie Institution for Science climate scientist. He kite boards. And he calls himself "chief greenskeeper."

His home state of California is experiencing a drought, if you hadn't heard.

So he added one more competitive advantage that no amount of automation can erase.

The Method factory will require 5 million to 6 million gallons of water a year. What doesn't end up in product is recycled. Method is making up for the water that does hit store shelves by funding a Nature Conservancy program that pays farmers elsewhere in the Great Lakes region to use water-reduction techniques, Lowry said.

"This region is going to get a lot more attractive as (the country) gets less and less water," Lowry said. "And I want to keep Great Lakes water in the Great Lakes."

Chicago should be thrilled to provide forward-thinking companies such as Method with ample water. The city plans to show it off for many years to come. The king and queen of The Netherlands are scheduled to tour the building's massive rooftop greenhouse in June. The facility was even designed to accommodate large tour groups.

I just wish soap required a few more hands to make.