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Issue: January 18, 2016

The Most Powerful Name in Corporate News



Supply Chain Audit Platform and Application for Quantifying And Qualifying Made in the USA Goods and Services

Interview with: Robert Lowry - Managing Director & CFO, Certified, Inc.

CEOCFO: Mr. Lowry, would you tell us the concept for Certified when the company began?

Mr. Lowry: I have been involved with the company for about five years. What initially attracted me to invest heavily into, and eventually participate in, are three primary things:

First, the Made in USA movement was beginning to build serious momentum in 2010, and this company was one of the first to promote products and services made domestically; companies that were building things and employing people HERE in the United States. It was doing the right thing for the country.

Second, I was impressed with the dedicated folks that were involved within the organization; they are driven and brilliant at what they do.

Third, as a consumer myself, I want to know where the products I shop for really come from. Including the flooring that my children are crawling around on, the bone that my dogs chew on, and especially, the food I serve my family.

Since our genesis was solely based promoting Made in USA goods and services, we knew that we had to carefully verify everything, by virtue of a supply chain audit. Many people will stick an American flag on their packaging --- what we call a "false flag" ---because most manufacturers knew that eight out of ten consumers would rather buy goods and services produced in this country, and sixty percent of foreigners preferred USA goods as well. Unfortunately, we found that many products were not completely made domestically and the American consumer was at risk. So we began to shift resources to become an audit company in order to qualify and quantify the country of origin claim.

Since that time, we have grown into more of a technology company, in an effort to bring Country of Origin transparency to the consumer efficiently and inexpensively. We started as a strong supporter of manufacturers doing the right thing by manufacturing in this country, employing domestic talent and domestic resources. Now we were taking the next step to create unparalleled transparency to the consumer.

The question was and still is: "How do you know?" What we found when we were certifying the country of origin claims that many people simply did not qualify for the 100% Made in the USA. We began to quantify and qualify the claim by their "earned" percentage. If a product is only 93.5% made in the USA that is what our seal dons on that specific product. We deliver TRUTH in advertising that consumers appreciate, and that service has led to dramatically increased sales by those employing or technology and Seals.

CEOCFO: Who is using your services today?

Mr. Lowry: We have relationships with many different organizations. Our most recent press release announced our relationship with the California Retail Association (CRN), stating that we are working with that organization and their members because the retail environment is also liable for false advertising claims.

We have witnessed class action lawsuits with retailers where they had made statements that their clothing was made in USA, but it did not qualify as 100%. Since they did not qualify or quantify their claims by a third-party independent organization --- such as what we are--- they had to deal with an unfortunate and avoidable class action lawsuit. In California, it is extremely strict for anyone to make the claim of Made in USA. We work in concert with organizations that represent retailers and manufacturers alike.

We are also working with a private label organization specifically for domestically produced goods for exports. The Boston Consulting Group statistics points out that 60% of international consumers would rather buy something made in the US. But, how do they really know and who will verify the claim and how do they convey this to the consumer with real transparency is the question that we help to answer. Truly a valuable component to a successful marketing and sales initiative is to conduct a supply chain audit to verify the source. Many manufacturers may not realize that their distributors that are purchasing their raw material internationally, so we actually go down the rabbit trail to verify the origination. We say: "Trust, but verify".

CEOCFO: *How are you able to get down to the level that you need?*

Mr. Lowry: It really depends on the components of the specific product. We contact each supply chain distributor by phone or in person; sometimes we do site visits and sometimes we can handle it afar by employing affidavits as to where they are sourcing material. We use some pretty cool technology to help us do this.

CEOCFO: *Are companies receptive to talking with you?*

Mr. Lowry: From a marketing perspective, they are anxious to do business with us because we provide them the transparency that consumers are now demanding. By virtue of the smart phone and computer, consumers typically do a lot more research before they purchase an item today than ever before. I can tell you that from a marketing perspective it plays very well but also from a legal perspective because if you simply put an American flag on your packaging --- and "self-certify" --- you leave yourself liable for interpretation, and if you do not quantify and qualify your claim it could lead to litigation, substantial fines and fees, not to mention a damaged reputation.

"Where it gets real fun is the fresh food industry. With our technology, we allow the consumer to inquire how fresh it is and in the case of seafood, where and when it was caught. This is so important not only to the consumer, but regulatory agencies that determine the sustainability of certain species as well." - Robert Lowry

CEOCFO: *When you are contacting manufacturers' suppliers, do you find reluctance for them to comply with your requests?*

Mr. Lowry: Typically, our customer is the manufacturer, and they simply reach out to their own suppliers. They require them to comply with our inquiry as a requirement of supplying the specific material. The most resistance we have experienced comes from the suppliers that know they will not qualify as domestic ingredients and are importing the material in question. In many cases, we are able to help guide the manufacturers to other suppliers that are domestic sourced and therefore they can increase the level of certification to a higher level of domestic content.

CEOCFO: *Are there particular industries or products where lack of compliance is more egregious?*

Mr. Lowry: Absolutely. A product that goes in you, or on you, has been the dynamic growth in our industry. These range from cosmetics, pet items, baby products, and food products are items that the consumer is demanding more transparency than ever, in sourcing as well as freshness. You might ask why a food product would need to be certified, as it is either grown here or not. However, we do live in a global economy and many people would rather buy food that is domestically sourced. You would be surprised how much of our food is marketed as domestic, but in fact co-mingled with imported like-kind products. Certified, Inc. has the proprietary technology to track product from farm to the table; a fish from the boat to the table. What we are now soon to offer for the smart phone is the ability for consumers to scan our seal on a specific product and it will tell you where that tomato was picked and how long it took to get to that bin in the grocery store.

CEOCFO: *When you are working with an end customer or manufacturer, is it a one-time situation?*

Mr. Lowry: We are a dynamic process, not static. As an example, the organic certifications are inspected typically in a once a year review process, whereas with the CERTIFIED Audit Team, every thirty days, we certify the source of the goods and services. If it is a product such as a tomato, we have a proprietary scanner that is given to the man in the field that scans each bushel of tomatoes that has its own little sticker. Our Tracking and code is embedded into that technology, which is scan-able to the consumer. Basically, so they can track the tomato in real time like a Federal Express package, from the farm to your table. We do the same for manufacturers, because we dynamic, we certify every product, every thirty days. Our seal dons its own specific code that is tied to their specific number. If a manufacturer experiences change in their supply chain, or if one of their suppliers re-sources where raw material comes from, we will know within thirty days. So will the consumer, and that is true transparency.

CEOCFO: *What is the competitive landscape?*

Mr. Lowry: There have been several “pseudo certification” companies or Made in America designated companies. They were all systematically shut down by the Federal Trade Commission for not doing what we do. As far as we know, we are the ONLY certified supply-chain company in the country.

CEOCFO: *How do manufacturers learn about you out of trade associations?*

Mr. Lowry: We are in certain trade publications and we advertise in certain industries, particularly pet food, baby food and food production. We are working with organizations like the California Retail Association, the Cut Flower Association as well as others, and we are working with private label organizations so they lead the manufacturers to us. This is first used as a marketing initiative, but also we provide mitigating documentation to support product claims and assist companies from legal actions that might arise from challenges to their labeling and country of origin claims.

CEOCFO: *Do you see a time when insurance companies might require or encourage a certification?*

Mr. Lowry: We have seen the results of Class Action litigation against even the largest of retailers that have profited by misrepresenting Country of Origin Labeling. These retailers have tried to “self-certify” their products whereas, had they employed a third party certification company such as ours, they would have mitigated that risk, and it would have been a lot less expensive for them. Perhaps the insurance industry might be a way to drive more business, but I believe it will ultimately be consumer driven.

Once we release the ability for the consumer to easily search product origination as well as freshness for food items on their smart phones or tablet; this will drive the need for manufactures, retailers alike, to participate in the program. Besides satisfying consumer demand, another advantage to the manufacturer and the producer is that once that consumer scans their product, they will know in real time who is shopping for their product and where. They will know as much as they know now with Internet interaction, specifically what consumers are searching on search engines. In the retail environment, it has always been the Point of Sale to gather that information. They do not know what the person is looking for in their store until they go to the counter and actually buy something. Whereas, our technology will shift identifying consumer preference from Point of Sale data to the Point of Decision. To become certified is more than a marketing and legal initiative, but most importantly, the collection of consumer preference in regard to their products and creating the ability influence the potential customer before the decision is made in the retail environment.

CEOCFO: *Would the customer be going to your app as a stand-alone or would it be something on a company's site?*

Mr. Lowry: Actually both. Our technology works as an applet on most smart phone platforms. It will recognize where you are, what store you are in and if that venue has products certified or not. However, our technology offers the consumer the ability to scan any bar code on any product for information regarding that specific product or if chosen, will direct you to that retailer's web site.

Where it gets real fun is the fresh food industry. With our technology, we allow the consumer to inquire how fresh it is and in the case of seafood, where and when it was caught. This is so important not only to the consumer, but regulatory agencies that determine the sustainability of certain species as well.

CEOCFO: *What is your strategy to get the attention of all the app-using people?*

Mr. Lowry: We offer transparency to the consumer. We offer them the ability to check on the origin of the product, especially what goes in you, or what goes on you, before they decide to purchase the product. I believe our technology will also revolutionize the food and beverage marketing in the retail environment driven by understanding what the consumer is shopping for before they go to the checkout line. By virtue of offering transparency to the consumer by scanning the seal, we shift consumer preference information from Point of Sale to Point of Decision. This will create the opportunity for the retailer or manufacturer to offer incentives to the consumer in real time. Before the end of the first quarter of next year, we will be well known.

CEOCFO: *Do you have the funding necessary to support the expansion?*

Mr. Lowry: We have been growing organically for the past six years. Every month we reinvest revenue back into the company. We also enjoy a few third-party investors, as well as a lot of family and friends that have supported the necessary research and development to create our technology. Actually, we are cash -flowing nicely today and look forward to expanding that much more in the future once we release the applet to millions of consumers worldwide.

CEOCFO: *Why is Certified Inc. a noteworthy company?*

Mr. Lowry: Certified, Inc. is truly the vanguard of offering the consumer more transparency in regard to where products are manufactured and where goods and services are produced, than ever before. We are going to be able to offer this in real-time to the consumer and it is going to allow them to make better and healthier decisions for their family, their children and their pets. In a very true sense... CERTIFIED, Inc will make a positive difference for manufacturers and the consumers they serve!

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



Certified, Inc.