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THE FASHION INDUSTRY LEADERS

NAT BADER
IRVING BADER

ORIGINALA, INC.

Date of Interview
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Interviewed by
Mildred Finger
Originala, Inc. was founded by Louis Bader, father of Nat and Irving. It was a high-priced coat firm. The company became a public company in 1962. It then began a program of diversification, opening divisions for coats below the price range of Originala, for sportswear and rainwear. When the company became public, its volume was about $3,000,000. With the program of diversification of product mix, and the addition of new divisions, the volume rose to $16,000,000. Profitability did not keep pace with volume.

By 1977, Originala had shut down all of its divisions, and was out of the apparel business. The corporate shell became Originala Petroleum and had merged with petroleum producers. It is still a public company with its shares traded over-the-counter.

Originala, Inc. is an unusual example of an entrepreneurial apparel business which converted to another industry.
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**ORIGINALA, INC.**

**ORAL HISTORY**

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Q. Tell me. Of all the things you've done your life, what are the things, or what is the one thing that has given you more excitement and sense of fulfillment than anything else. Is there any such thing?
A. Are you talking about business?
Q. Yes
A. Well, I think the most fulfilling thing we have ever done in our business is the way we started, really. My father had started this business in 1907. Originally, he was a designer and pattern maker and...
Q. Excuse me. Where did he come from?
A. He came from Austria.
Q. Did he get his training there?
A. No, he got his training in the States. He was very young. He was part of the International Ladies Garment Workers' Union Board at the time, and he really came up the hard way.
Q. I'm sorry. Could we just get a couple of dates going here? He was born in Austria? Do you remember approximately what year?
A. I don't know...It's been...
Q. 1889 or 18...
A. Close to 1889, 1890, somewhere in there.
Q. And then he came to this country...
A. As a young boy.
Q. As a young boy. Right
A. And he started a company called Vogue Modes which made
    custom order clothes, mostly.
Q. On the lower East side, is that where he started?
A. Excuse me?
Q. Was he on the lower East side?
A. No. He was always on the upper West Side.
Q. Really.
A. He originally started at 49 W. 46th Street, in a loft
    building, and that's where he started, making clothes for
    private clientele. From the private clientele, buyers were
    familiar with the merchandise and they came up and he stopped
    catering to the private clientele and he went into the whole­
    sale business, and he changed the name, instead of Vogue
    Modes, to Original Modes. And subsequently, when we all came
    into the business, he changed it to Originala.
Q. But where did he get his training to become a tailor/manufacturer?
A. He got his training, really, here. When he was with the ILGWU.
Q. He went to work for them as an employee?
A. He was on the Executive Board.
Q. How did he get there?
A. I really don't know how he got there except that he was in the...Oh, I would say he was in the model business and made samples and models, and he worked for private clientele. Some of the wealthiest people in the United States. He had a small business...

Q. That was on the one on 46th St.

A. That was the one on 46th St. And then he also went into the wholesale business on 46th Street, and he changed the name Original Modes at that time. At that time, I got into the business and we had decided that it wasn't very...

Q. I'm sorry...We're skipping too fast. In 19....You were born when?

A. I was born in 1908.

A. Okay. So your father, in 1908, was already...He had been a custom tailor...

A. No, he was not in the business in 1908. He was a custom tailor.

Q. And then you were born...Did he talk about his work at home, and did you know what he did? As you were growing up?

A. Not when I was born, no. As I was growing up, we talked about what he did, and I used to come down after school and spend a few hours every afternoon. My father, may his soul rest in peace, was a very early riser, and we are to this day. I'm here in this office every morning at 7:30
and no later. When we were in the ready-to-wear business, factories were always open. We never started production until the union hours, which was about 8:00. We worked 40 hours a week, and then 35 hours a week. And I started...

I got out of college in 1928, but in the interim, between going to high school and college, I used to come down to the factory, and sort of watch what they were doing, and what not.

Q. Did you have any training when you were in high school or college in these trades?

A. The ready-to-wear business?

Q. Yeah.

A. No.

Q. There was no such thing as...

A. When I got out of college I came with my father, and at that time it was Originala, and I really had my training before, because I used to come in almost every afternoon. I met several of the buyers at that time, including, probably, one of the brightest women in the ready-to-wear business, who was with the finest ready-to-wear store in America, even before your time, and that was Franklin Simon.

Q. Oh.

A. And they handled only the best merchandise in New York. And my father was very close with this merchandise woman, or buyer...
Q. Do you remember her name?
A. Shall I mention her name?
Q. Yes.
A. Yes, her name was Ida Giudel...G-i-u-d-e-1, and I remember her very vividly. She was a pro. We started to do a big business, and through Ida Giudel we got to other stores and one day, I finally got an appointment with Adam Gimbel, who at that time was head of Saks Herald Square--there was no Saks Fifth Avenue--and with Ethel Ward. Very charming, brilliant woman.
Q. What period of time are we talking about now?
A. We're talking about 1929, 1930.
Q. And this was already a going business that made models, made samples and...
A. We were in the wholesale business at that time.
Q. Uh huh. Yes. You had a collection...
A. Yes, we had a collection of samples that we had that we were showing and selling in some of the stores.
Q. Were you already using a designer at that point?
A. No, we were not using a designer. My father designed most of the clothes and supervised the production of the clothes...
Q. And when you say clothes, these were all coats and suits?
A. Coats, suits, and evening clothes. Anyhow, way back when I met this woman, Ethel Ward, and I got a colossal order for 2,500 units, all fur trimmed, mostly foxes--red fox, white fox--And I came back and I showed the order to my father and he said "Well, we don't have the money to finance this kind of an order." Well, at that time I went to Sylvan Stroock of Stroock & Company... And I told Sylvan that I had gotten this big order from Saks Herald Square, and I really didn't have any money to pay for the piece goods that we needed. And he thought it over for a few minutes and called his controller--a Mr. Alexander--and he told Mr. Alexander to give us credit for whatever we wanted. Now we had a more serious problem, because I didn't have money to buy the furs. So I went to Adam Gimbel at the time and I told him my problem: "We've got this big order from your buyer. She liked the merchandise." And he said, "Will you wait a minute. Let's get Ethel Ward up here." And we did. She said it was beautiful, it was priced right, and she wanted the goods. And he thanked her and she left us. And he said, "I can't advance you a check in one check. It has to go through the Board of Directors. What I can give you is three small checks, if that'll help." And I said "Anything will help, because I just don't have the money." And
that's exactly what he did. He gave me three small checks. Ten thousand dollars a check. And from that point on, after we started manufacturing clothes, we got other stores in. And Ethel Ward was familiar with other buyers, as you know, this is what happens in the ready-to-wear business. And we started to promote Originala.

Q. How many stores did Saks have at that time?
A. Who, Saks?
Q. Yes.
A. They had one store.
Q. One store.
A. And we were...
Q. Because you said Saks 34th. That had nothing to do with Saks Fifth.
A. They were not open.
Q. Okay.
A. They opened later on.
Q. Yes.
A. Adam Gimbel was only at 34th Street then. He finally moved up to Fifth Avenue when they opened. Anyhow, we got a pretty good reputation and our clothes were really made very well, probably the best in the industry. We had some competition, with people like George Carmel, who was in business at that
time, and Ben Gershel, who was in business at the time and...

Q. And Morris Haft...Was he...?
A. Who?
Q. Morris Haft.
A. Haft made an expensive dress...
Q. An expensive dress.
A. He did a big job. He made expensive goods. He really had enough money to pay the bills for the small retailers who couldn't pay their bills. He would take notes for them and pay the notes. But it was not our kind of business.

Q. Was Deitsch Wersba in your price range?
A. Deitsch Wersba started later on...They started later on. They made a fine product. Then Ben Zuckerman started and he had a fine product. We started at the same time but we made a different type of...Ben Zuckerman was more of a real tailored look. He made very few fur trims. And from that point on, we developed a pretty good business, and we moved from Eighth Avenue....After we moved from 46th Street, we took a loft on Eighth Avenue and 37th Street, and we had a big plant there, four times the size of the one we had on 46th Street. Even though it was really out of the area for
fine clothes, the buyers came to us. And I believe that's true today. If the product is right, they'll find you, no matter where you are. And from Eighth Avenue we then moved into 512 Seventh Avenue.

Q. Yes, by then 498, 500 had been built.

A. They were the best buildings available. There was no 530 at this time or 550. And I would say that 512 was probably the most important coat house...498 had dresses and sportswear, and what not. Five hundred had medium priced goods, and 512 had the better houses, like Gershel and Zuckerman and Bobby Knox, and people like that. And from that point on...

Q. Irving came into the business several years after you did, right?

A. Irving was a CPA graduate, and he clerked for our auditors for a time, and he didn't like it too much because the people he had to audit he didn't think were trustworthy to handle the business properly. And then I prevailed upon him to come with us, because he was very bright, and he knew numbers, and I had no patience with numbers, and unfortunately my father died in 1940—that's going back a long while; 42 years now—and when Irving started to come with us we started to develop a little larger business and we finally went public.
Q. Don't get there yet...too soon. I just wanted to ask you, before you do that...Since Irving obviously had his doubts about coming into the business...

A. Yes, he did.

Q. Yes, but you never did. Apparently...

A. I never did.

Q. You always wanted to do it.

A. I always wanted to do it.

Q. What made you interested in it?

A. Oh..I liked what was going on. I watched my father...I started to learn how to operate the fur industry, because of all the furs that were used.

Q. And in the beginning, you did a lot of fur trims, I gather, which is the primary part of the business...

A. I used to watch our fur operators, who were most women at that time, and I even learned to sew furs, and nail furs, and I used to stay up till 2:00 in the morning and help the nailers nail the furs to the collars. And, of course, we had to buy the skins first...the raw skins...

Q. Who bought the skins?

A. I did.

Q. You did?

A. Uh huh.

Q. How'd you learn about skins?
A. Just spent time in the market. I didn't know too much about raw skins, but I found out pretty quickly. Once you look at the pelts, you know exactly what it is, and our big business at that time were leopard trimmed coats. Leopards were all Somalian leopards, and I learned that they were the best leopards in the world.

Q. What was your price range at that time?
A. Price range on the skins or on the coats?
Q. The coats, that you were making...?
A. The coats started at about, depending on the amount of fur on it....
Q. The kind of fur, I suppose too...
A. They started at about $195 up.
Q. Cost.
A. Cost. $195 up to $1,000. If they had fur borders, collars and cuffs, they were $1,000 cost, and we had no problem selling them. The more fur they had on them, the easier it was to sell, because they knew they were getting the finest quality merchandise. Not only fabrics. And my father, may his soul rest in peace, developed a cloth called Duveteen. That's before your time.
Q. But I remember the fabric.
A. Well, Duveteen was not really a Duveteen. It was a broadcloth. And we used to have a steaming machine that my father had set up,
and they used to steam...put the cloth on the steaming machine, and while the steam was coming through, and the cloth got wet he brushed it against the grain. When you brush it against the grain, the hair stood up, and that's what made Duveteen...

Q. Out of broadcloth.
A. Out of broadcloth. And we took that Duveteen to a firm called Forstmann which you will remember. They were probably the biggest manufacturers of woolens at that time. And the old man...saw the fabric and he loved it...

Q. I don't understand something. Where'd you get the broadcloth? To begin with?
A. The broadcloth we bought...we bought from...it's so long ago. Oh, I know. We bought the broadcloth from a distributor of...broadcloth, and he was on 39th Street. I even remember his name was Abraham Shapiro. He was probably the biggest distributor of Forstmann..woolen goods in America.

Q. So you bought Forstmann fabric and recreated it...
A. And recreated it and made a Duveteen out of it. Really, they didn't call Duveteen, they called it velour. And it looked like velvet. It was soft like velvet. It was beautiful. And I think we were the only ones who had it at the time. Then everybody got into the act.
Q. And at that time, about how old were you? When all this was going on?
A. I got out of school in '28...Oh, I might have been 32, 33. And we had no problem selling off our goods. We finally got to a stage where we got up to many years later...

Q. About how much volume were you doing...?
A. My father was gone at the time....

Q. Yeah. About how much were you doing in 1940?
A. In 1940?

Q. About. Because you said he died then.
A. A quarter of a million dollars.

Q. In volume.
A. In volume.

Q. A quarter of million is just $250,000. That's not very big.
A. It was big for us. We didn't have much capital. We just started going...And Irving came into the business. He was out of college and all. I don't know the exact date, but I could tell you.....We did sell approximately 500 of the top stores in the country. There weren't that many, but with the specialty shops, there were close to 500....He's been out of school since he was 20....He's been in the business 30 years. I would go back to 1950....All of the operations of Originala were done under one roof. We had
an inside factory. We never used contractors at Originala, and our inside factory was on the premises. We had three floors at that time in 512, and we were probably the largest tenants of our good friend Helmsley Spear. And...

As you know we went many times on European trips.

Q. When did you start going to Europe?
A. When did we start to go to Europe? We started to go to Europe.....1951, 1952, 1953.....

Q. So you never went before the second world war.
A. No....We took our designs to Europe.

Q. Yeah. Now that...Now, when you father died, was that the first time you began to use designers?
A. That was the first time. And we didn't really have well known designers, but they were really pattern makers, as they are today. And they were very able pattern makers, and I helped them in the design as much as I could.

Q. Well, was a pattern maker able to make a selection from the fur market?
A. No.

Q. No.

A. No, I did all the buying at the fur market.

Q. And what about the fabric market?
A. At the fabric market, I did all the buying in the fabric market.
Q. What you really did was, you did the styling in a sense, right?
A. I did the styling and the buying. And the designing, partly. When I saw a model that was successful, I rehashed it, like most people do. They do that today, as you know. The so-called good designers today are doing fashions that they had many years ago, rehashed. Or else they might go out in the market and buy clothes...
Q. But you did at some point have Eli That was much later?
A. That was later on. That came later on. I think we had Elie Wacs...
Q. Somewhere in the fifties...
A. Somewhere in the sixties...
Q. In the sixties....
A. Yeah..Elie Wacs...No. In the seventies.
Q. No, it had to be before.
A. Why.
Q. Because when I was still at Bergdorf's you had Elie and I left Bergdorf's at the end of '67. So...and, I don't know, was he your first designer?
A. Pardon me?
Q. Was Elie Wacs your first designer?

A. Elie Wacs was the first designer we had. With Elie Wacs as designer and our production up to what we really wanted, and the amount of stores that we catered to, we did in 1962, we did $3\frac{1}{2}$ million.

Q. You were by then public.

A. No. I came public in 1962. Up to that point... when we did $3\frac{1}{2}$ million, we went public.

Q. I see. Okay.

A. And we started to branch out, as you know. I didn't give you all of the details. We opened another division called Ginala...

Q. Before you went public?

A. After we went public.

Q. Yeah, I mean... I think we're going to fast.

A. And I had a fellow by the name of... was very successful the first few seasons... And that was Guenther and Guenther handled all of the Ginala which was a lower priced line, but I would say it was more high style... Ginala... in inexpensive, medium priced clothes. And we also had... I'll tell you, a lot of our success came with the editorial credits we used to get from the magazines, starting with Carmel Snow and Diana Vreeland and Nancy White. We always had 5, 6, 7 editorials a season from each magazine, and we had never advertised. Subsequently, we
advertised. And we were very close with the people on the editorial divisions. And we used to give a little information to them every once in a while. Diana Vreeland would come up with an idea and she would say, "I like that color and I want." Purple was her color at the time. And we were always the first ones out with the high shades and the new shades. And Carmel Snow gave us the same treatment. And Nancy...Nancy...

Q. White?
A. Nancy White...did a lot of editorials with us.

Q. Now, all this was after you became...went public?
A. Yes. After we went public. We started to open up different divisions...

Q. Excuse me. Could you go back a little bit...Because I think we're going too quickly. I would love to know the story of how you went public. Because you were one of the first companies to do it in your price range...
A. We were the first ones to do it at any price range.

Q. Okay. Then let's...That's the story I'd like to hear.
A. At the time we were doing $3,500,000 million, and we were making approximately $500,000 per tax. And people were starting to go public in other fields at that time.

Q. This was approximately what year?
A. 1962. And we really operated without any money, because the money we had available was always put into treasury bills, and we used to get long term datings. In the Fall of the year, if we had bought good in May, we'd get July datings...

Q. That is, the bills would be dated July so that you...based on your...

A. We bought them in May, delivered in May, payable in July.

Q. Right. Okay.

A. The next season we bought them in August and they were payable in January...

Q. Because it was hard to get cash flow, wasn't it?

A. No, it wasn't.

Q. It wasn't?

A. No. We always had a cash flow.

Q. Even though you made just coats and suits.

A. That's right. In other words, we never used our capital. Our capital was always employed with treasury bills. So we were operating, actually, without a net worth. Although we had it in treasury bills, we never needed it. And we decided at that time that this might be a vehicle for us, and we approached...Birnham & Company at that time, and they
liked our operation and watched it for many seasons, and they felt we were making 20% pre-tax, which we were, and they decided to come out with us... in a stock issue.

And from that point on, our business, we started to branch out. We opened up a company, as I told you, Ginala, and then we opened up another company called Ginori and we hired people to run them. And Ginala, as you know, was run by a fellow by the name of Alan Duddle, who was very able but he wasn't careful with the buck, and he did a big business but unfortunately didn't make too much money. But we finally went from $3\frac{3}{2}$ million to $16$ million...

Q. To how much?
A. $16$ million.

Q. $16$ million. In how many years?
A. Oh... Six, seven years. And these fellows ran a big business, like Ginori, Ginala and, unfortunately, they let their expenses run away with them.

Q. Well, it gets to be very hard to control expenses when you bring somebody in...
A. I think we were doing so well we didn't pay enough attention. And we decided they were not making enough money for our
investment. And we closed Ginala first, although they did very well in the beginning. But the person running Ginala didn't do a good job, and wasn't... We decided to let it go, and we let it go. And Guenther, at that time, was working for him. We closed that. And then we started Ginori.

Q. Uh huh. Which made what?
A. I started Ginori. I believe in 197...1968.

Q. But that was a sportswear house, right?
A. That was sportswear. Ginala was an expensive coats and suits... And Guenther did a pretty good job. And after that we hired a fellow by the name of David Kidd, whom you're familiar with...

Q. Uh huh.
A. David Kidd was a designer who came out of Ben Gerschel and we started a company called Barberini, which... David Kidd was the designer for Barberini. And he did well for the first two, three years. And we launched all these companies without any outside financing. We never borrowed money. It was all done with internal funds.

Q. You never attempted to acquire businesses. You took the route of developing your own...
A. We couldn't find companies that had the earnings that we made. Otherwise we would have acquired them.
Q. I see.

A. But, I'll tell you, it's very difficult, even in today's market, to find companies that make 20% pre-tax. Most of the companies in the ready-to-wear field, as you're familiar with, have good business, they do $2-3-4-500 million, some of them..with 3% net. Like, Leslie Fay, it's 3, 3½...

Jonathan Logan is approximately the same; Puritan earns a little bit less... But nobody comes up with 20% pre-tax. And it would be very difficult, had we been in business, to do that now, with the way the stores operate, on a week to week basis. Business generally has been bad the last few years. I don't know any of the coat firms who are in business anymore. Most of the good ones are out. It's the inexpensive coat firms that are in business, but they're not doing so well. Friends of mine who used to do $25-30 million in inexpensive coats, have retired. They're out of it. They're taking their money and they have other investments. And it's very difficult to do business today in the ready-to-wear field. Unless you're a giant and really going well; you're a public company and you have unlimited funds and you can carry the stores when the stores are not paying their bills too readily now. And they try all kinds of
things. I don't have to tell you. They like to put goods on memorandum. They want the right to return—which we never permitted. We never sold memorandum merchandise. We never gave "dating." And if the store wasn't good for the money, we never checked them. And they knew...and they knew at the time they had to toe the line. Otherwise, they couldn't come into Originala. Many of the stores hated us for this, but this was the way we operated our business. And I remember one time a fellow walked in, and I started to grill him in the showroom before we showed the line, and he took his checkbook of his pocket and said "Why don't you call my bank and find out how much I have?" I remember that very vividly. Anyway, we sold to the best stores in America, and we did pretty well. We decided to get out of it when things started to get a little bit rough.

Q. You never attempted to be acquired.

A. No. We had many propositions, from many firms.

Q. I'm sure.

A. But we decided against it. And that's the story of Originala.

Q. Well, that's the outline of the story. I'm sure there's a lot that would be interesting to...
A. Water under the bridge I’ve forgotten now. I'm getting old.

Q. No, you're not getting old.

A. Yeah. I'll be 74 in November.

Q. I've talked to people a lot older than you. When you decided...

A. Well, you talked to Freddy Pomerantz, who's 81.

Q. ...When you decided to pull out of the business, did you just close down all these divisions?

A. We closed our divisions we had sufficient funds to make other investments. And that's what we did.

Q. How did you get interested in the oil business?

A. The oil business is a strange story. While we were still at Originala, and public, we met a gentleman who approached us, who was in the oil business for many years in Texas, and and his wife used to buy Originala clothes. And her friends used to buy them. And he wanted to meet somebody who manufactured Originala clothes. He called me one day and there's this Texas accent...He'd like to come up and spend some time with us. We found out that he was in the oil business, and he kept raving about the Originala coats. That's all she ever talked about...his wife...There were Originala coats hanging in her bathroom, and she'd put the steam on so they would look fresh.
And through some other acquaintance of ours, we had a fine public company with a good rating, and money, which they didn't need. And they approached us as to whether we would merge with them. And they wanted to have a good solid public company in the United States. They were originally an Israeli company. The parent company was an Israeli company. And the gentleman who was Vice Chairman of the Board of Israel flew over and we met with the President of the oil company in Texas...

Q. Was that the one with the wife...
A. ...His family had been in business many, many years...
Q. And his wife loved Originala coats...
A. He was originally, a chemist, a doctor, but he was in the oil business because his wife's family was in the oil business. Very bright man. Very honorable. And we met with him, and we met with the Vice Chairman of the Board of this Israeli company, and we had several meetings and we decided we would wait another year before we jumped into this. And when we made the proper deal, we decided it was good for us, and they decided it was good for them, and that's how we got to merge. And we changed the name, subsequently, from Originala, which was a fine name, and
we thought all the women who had money would remember Originala--I believe some of them did and they would buy the stock--And after the stock was sold it was...

Q. So what was it...Oh, I'm sorry...

A. So the stock was selling well...We decided we would change the name to Originala Petroleum, and it's still listed on the stock exchange as Originala Petroleum...

Q. Amex or New York?

A. NASDAQ

A. The company's doing very well but all those stocks today, unfortunately, are in the dumps. You take companies like Exxon, which was $100, today it's $28.

Q. Well what do you do for them and how did you learn how to do it?

A. Pardon me?

Q. What do you do for them...?

A. Nothing.

Q. You don't do anything?

A. No. We just look at the figures...decide what...

Q. But you travel a lot, back and forth.

A. Yeah. But we really have nothing to do with the company. They run it in Texas. They have a good president and he has a staff down there. They do very well.
Q. But what are you doing when you off to Hong Kong...?
A. Oh, this is only private investments.
Q. I see. So the business you and Irving are in together...
A. ...is the investment business.
Q. You're in the investment business. I see. So...Yeah.
That's very interesting because.
A. If we find a plant we like or a factory we like—whatever it may be—we're now in the process of really buying another company. I'm not at liberty to tell you what it is but it has a good reputation in the retail stores and they do very well. We think they do very well. We haven't seen the final figures. We had a meeting this morning. That's why I came back—I don't know. Maybe it'll work, maybe it won't. If it doesn't, it doesn't really matter.
Q. It's fascinating that...
A. I learned two words, when I had a little money. I don't have much. A friend of mine, I took his daughter and my daughter...his daughter's first trip to Europe, after they graduated Finch. My daughter and his daughter. This fellow was a very poor boy, living in the South. As a matter of fact, he had his first pair of shoes when he was 12 years old. That's how poor they were. And he walked backwards all day long to look at
his feet. Her parents didn't want her to marry...They moved to Florida. Unfortunately, she took ill and called her parents and said she was coming home. They said "You can come home, fine. But don't bring your husband home." But she came with her husband and they lived in a little upstairs apartment over a tailor shop in Atlanta. They used to go out and buy scrap during the week, and his wife used to sell it...

Q. Scrap metal?
A. Yeah. Scrap metal. He used to sell it on Saturday and Sunday...getting $20, $30 a week. Finally he got...Fellow came through the town...has nothing to do with me. I'm just telling you this. And he stopped to get some gas at a gas station, and my firend waited on him. And he said, "Do you know where I could get a little space to sell frigidaires?" This was the first time frigidaires came out. So he went and spoke to his boss and said "Can I rent a little area here and sell some frigidaires?" The boss liked him, and he said "Sure." And he gave him a little space for nothing, and from the frigidaire sales that he had he saved a couple of bucks and he went out and bought more scrap, and finally he opened the biggest depot in the south.
During the war. And they sold used oil drums. Anyway, this is all coming up to what I wanted to tell you. At the age of 39 he retired with $60 million. And when he did that, we took his daughter to Europe with us. And I said "I don't understand you. What are doing with all that money?" And he said, "I keep it in the bank. I don't buy anything." And I said, "What do you do that for? Take half of it, take a quarter of it, buy something." And he said, "I learned two words when I made all this money. I's satisfied." So I'm telling you, I don't have that kind of money, but I's satisfied.

Q. Oh, that's wonderful.
A. That's a true story.

Q. But...In effect what you're saying is that all your life you really have been an entrepreneur. I mean, you have always taken something and done something else with it.
A. That's what we try to do now.

Q. Yeah. Right.
A. We are now interested in several other companies, one of which is an oil company. We don't have a big interest in it, but we think it's a very solid company, so we'll make a couple of bucks, and if we don't, so...we don't.
Q. Have you been tempted to go back into this business?
A. I happen to love the ready-to-wear business.
Q. Yeah.
A. But I wouldn't go back into that business today. It's a little too difficult. The stores are too tough and too demanding, and I really don't know anybody who makes high priced clothes or high priced coats, other than one or two people now, who are public companies--like Abe Schrader--whom I'm sure you know...And he's got Pauline Trigere who is a great designer. I don't think particularly I would like that kind of goods, but he does pretty well with it. I imagine he does about $6-$7 million with Pauline's....She got her first job you know with Ben Gershel. Her first job on the market. Did you interview Pauline?
Q. Pauline had been interviewed before, about four years ago, when they first started this Oral History Project.
A. ....Since he went public, I think Abe's doing in the area of $6 million today. He's doing very well. Most of the public companies are sort of like Freddy (Pomerantz), trying to go private now. And they're getting a lot of money. Freddy got a lot of money for his company.
Q. If a young person came to you today and said, whether he's a designer or a salesman or whatever, and said "I want to go into the ready-to-wear business, how much"...what would you tell him? How much would it cost him to do it, and what would make it worthwhile?

A. I don't think anybody can continue or start a company in the ready-to-wear business unless they had enough capital, and most of these young designers all have to be financed. I don't think it's actually worth money today. Business is too tough. Not that these boys can't do too well. They can. But you take a girl like... who worked for a friend of mine...Liz Claiborne, she's up to $100 million making 18% pre-tax, but this is...

Q. Regina Kravitz has done it too.

A. She don't rate next to Liz Claiborne.

Q. No. No, but then nobody....

A. I don't think anybody in the ready-to-wear business makes what Liz Claiborne does. She's very smart. Her husband's smart. Liz is smart. And she's a good designer. Not that there aren't designers as good as her. But she has the organization today. They're selling all over the world. I don't think any of the top designers really make money in the business today. Not one.
Q. They make money in their licensing.
A. That's all. You take...I spoke to Jerry Shaw. They
don't make money, but they've got 12 or 14 licenses.
You take a guy like Cardin but they don't make money
in read-to-wear...

Q. Who?
A. Cardin.

Q. Oh, yes. I'm sorry.
A. Cardin today is earning upwards of $50 million in
licenses. He's got 240 licenses. All over the world.
And Bill Blass is not making money on his company...Maybe
his sportswear company is doing a little better. But
Bill Blass has got about 18 licensees right now. It
doesn't rate next to Cardin...the kind of money they make...
Or, you take Ralph Lauren...

Q. Or Calvin Klein. Yeah.
A. Calvin made a $1 a pair on the jeans. I don't know what
he's doing now. But he's got enough stock in Puritan, if
they do well...Carl Rosen, at a meeting the other day, he
said he didn't expect figures would be as good this year
as they were last year. And I don't think they will be.
Business is tough to get. Nobody has any money. And the
stores...I don't have to tell you...Whatever they can get
away with...Memorandom goods, they buy...unopened, return to the manufacturers. They're going to take advantage of it. If I had money to invest, I would not invest it in the ready-to-wear business today. It's too tough. Anything else I can tell you?

Q. You did have a policy about advertising and promotion, that is, you would not...

A. We never paid for advertising.

Q. You did your own advertising.

A. That's right. We did our own advertising, but we did it because we felt we owed the magazines something for all the editorial credits that we got. And we used to run six national ads a year, maybe seven, one with Town & Country where we used to get editorial credits. And we felt we owed that to the magazines.

Q. But it also helped to create identification with the name.

A. I think if I were going to do it again, I would rather spend my money in newspaper advertising, which would reach many more people than the magazines reach. A daily newspaper in Atlanta will reach many more people than Vogue, Town & Country, Harper's put together. It's prestige. And the magazines are doing very well. I spoke to them the other day, I called them. They're selling
more pages than they ever sold. Whether they're doing this because business is bad, and people are starting to advertise...But I think you get a hell of a lot more out of newspaper advertising than magazine ads. No question in my mind. I think stores that advertise in the magazines today are probably fully paid by the manufacturers.

Q. Or, perhaps, also by the fabric companies.

A. Either by the manufacturers or the suppliers. We used to get money from the suppliers.

Q. Uh huh. But, of course, the business of the fiber companies is so hard to get today, too.

A. Well, unfortunately, most of the...Are you talking about fibers or materials?

Q. Fibers and fabrics both. Celanese. Burlington....

A. Well, Burlington is in the manufacturing business. Not only in fibers. The only one that's in the fiber business that doesn't sell materials per se is DuPont. But, there's plenty of DuPont money available. We used to get it for our linings and what not. I would say that most of our national ads were all paid for by the suppliers.

Q. Uh huh. What about offshore production? You were doing production offshore a long time ago.
A. We did offshore production for our rainwear division—like Aquanala, which I forgot to mention...75% of our merchandise was manufactured in the Orient. It was at Aquanala, which was run by Hank Rothman and they were very successful.

Q. But the rest of your production was done in this country?
A. Everything was done on the Premises.

Q. Sportswear....
A. Except sportswear. That was done in the States too.

Q. Was that contracted out?
A. That was contracted out.

Q. Because the other merchandise was made by your own...
A. ...was contracted out. The only thing that was not ever contracted out was Originala.

Q. Which you made on the premises. Right.
A. We finally wound up with five floors, at 512, including Ben Zuckerman's floor. We took the showroom, and threw it out and made a cutting room out of it. Oh, we were very fortunate that it worked out the way it did.

Q. You had a good time while there was a good run of business.
A. We had a great reputation. People still stop me on the street... and want me to make Originala coats.
Q. "We need you," is how I'm sure they feel about it.
A. But I still get calls. I don't know why. I've been out of the ready-to-wear business, it'll be the fifth year, but...
Q. But people do remember them, and...Yeah...
A. Now they're wearing our coats, that were too short, they're wearing them over slacks.
Q. As tunic coats. Right. Yeah. Well, that's...as I say, that was an interesting period of time, when you really flourished, like crazy, and were indeed...
A. ....from '62 until we went out of business.
Q. Right.

....END....
Q. Irving, would you start back at as early a time as you can remember? Where were you born? When were you born? How much did you know from your father about the business?

A. Well, I was born in New York City in 1915, and I entered this business in about 1940. It had been a small family business. My brother, Nat, and my father had been together in the business for a few years before I entered the business. In 1940, when I entered, we were located on West side of Eighth Avenue, and I soon found out that the buyers might come 2,000 miles to the New York market, but when they got there, they wouldn't walk a block out of their way. So, we soon moved over to 512 Seventh Avenue on the 43rd floor. We took a tiny little place there. At that time the floor was occupied by I.M. Bagadano. I.M. Bagadano were known for their white coats. They had a huge white coat business at that time. People wore coats in the summertime, for some reason which I'll never understand, but they did. We took a tiny little place on the 43rd floor of 512 Seventh Avenue, and we made very fine things. We had a tiny little business. We had five machines. We had a piece goods room, which was about as
big as a clothes closet, and my father was active in
the factory. My brother and I did everything, including
sweeping the floors, steaming the coats, shipping the
doats, everything. You name it, and we did it. And
fortunately...for us...we did well. It was a tiny little
business, and I had a little interruption for a couple of
years and was a guest of Uncle Sam during World War II.
But I came back from overseas...

Q. Incidentally, how did the firm manage to get fabric during
those years? It was very tough, wasn't it?

A. Somehow they managed to get fabric. We didn't need much.
We were a tiny little company, with five machines. When
I came back from overseas, we still had five machines.

Q. About how much volume were you doing in that period?

A. This goes back to 1940--I couldn't begin to guess what
the volume was, but it was tiny. How many coats can you
make out of five machines? We weren't manufacturing
throughout the year, of course. The coat business is a
very seasonal business. But they made fine things. Very
high class things. We sold to the best customers. And
little by little our business grew and our volume grew.
We made more money, and we made only coats and suits, as good as we knew how to make and out of the finest fabrics we know how to make. We started to handle very, very expensive fabrics, like vicuna, which was supposed to be the finest fabric in the world. Cashmere, pure camel hair....We were...one of the best customers "S. Stroock & Company" had in the coat and suit business. And we got these fabrics exclusive. And we were known for making the finest coats out of the finest fabrics, in fairly classic styles. And it worked very well, and the business grew. And it didn't take too long before we found were in pretty high tax brackets. We had our family as partners--our wives, trusts for our children--and we were all in high tax brackets, and we really had no incentive to make the business grow because at that time tax rates, income tax rates, were very high. But we used to pick and choose our customers. As a matter of fact, we used to grill our customers very carefully before we would take them on. Some of them were highly insulted, because they could go around the entire market and everybody would lay out the red carpet for them, but not Originala.
We would grill our customers and decide who we wanted to sell and who we didn't want to sell, because production was limited, and we had many more people who wanted to buy our line than we could sell...

Q. Did you sell specialty stores or department stores, or what?

A. We sold mostly specialty stores, but sometimes department stores as well. But they were the finest. And my brother and I frequently used to discuss how we knew a customer more or less from the time she opened her door, how she opened the door, how she sat down at the table, even before she said the first word, you could feel instinctively if she was a customer for us or not. There might have been a few exceptions, but by and large we knew immediately.

Q. It was a very personal business.

A. It was. A personal business. So, we had a very limited operation. Limited in production. We were picking and choosing our customers. And we got a lot of free publicity from our customers; newspaper ads, which we did not pay for in those days. It was possible. I suppose today it's not possible anymore, but then it was. And the name Originala got to be quite well known, and very respected for making
the finest garment that could be made. And we gave it our all. We tried to do the best we could to make the first garment we knew how out of the finest fabrics. Some of them were quite expensive. Even in those days—in the forties and early fifties—vicuna coats used to sell for somewhere in the neighborhood of $700 at retail. Some of the fur lined coats that we had were much more expensive. I remember one coat that we had which was vicuna, a reversible coat, it was vicuna and sable, which retailed for $11,000. And price... We were not afraid of price, and we felt that our customers shouldn't ask us the price. If they came to us, they came to us because we made the finest and shouldn't ask what it is, because if you want the finest, you got to pay the price.

Q. Your father had died in 1940?
A. My father had died in 1944.

Q. 1944. Uh huh.
A. I came back from overseas, from the army. Not too long after that my brother was then alone in the business, and I joined my brother. And when I came back, they had this tiny little business and my brother loved the merchandise and he used to personally kiss every garment before it left
the place. He gave it a squirt out of the steam gun just
to make sure it was just so. But he always loved the
merchandise; he loved fine things.

Q. And you handled the finances and...

A. I did everything. I did everything. There wasn't any-
thing that either one of us didn't do. So...Our business
prospered. We made quite a bit of money, and in the early
sixties it got to the point where we had to make a decision
whether we were going to continue this very limited operation,
picking and choosing our customers, or expand the business.
And we decided to go public in 1962. At that time we were
still a tiny little company. We had a capital of $250,000,
and we were doing the big volume of $2 million a year, and
making half a million dollars a year profit, year after year,
like clockwork. With no change in volume. And picking and
choosing our customers. But we thought going public would
be enough of an incentive for us to change our operation.
So we went public in 1962. At that time we bought piece goods
on 60 day terms with dating...I imagine today you can't get
dating anymore, but at that time you could get dating, and
in the Spring it was January 1st dating, which meant that
you didn't have to pay for it until March 1st. In the fall you got July 1st dating, which meant you didn't have to pay for it until September 1st...

Q. Even though you had the fabric...

A. Even though we had the fabric... long before then... Then we would ship our customers on EOM terms. We really didn't need any money. As a matter of fact, our entire capital was tied up in treasury bills the whole year. So, before we went public, we had a capital of $250,000 tied up in treasury bills the whole year, which meant we were working on no capital, and making a half a million dollars a year profit. After we went public in 1962, after a period of six years our volume went from $2 million to $16 million. Our pre-tax profit went from a half a million to two million, and the market value of our outstanding stock at that time exceeded $30 million. So I guess our move in going public was well worthwhile. And I think that this kind of a profit is do-able with a public company, and hardly ever do-able through the normal operations of a company. So expanding our business, we went into other fields besides coats and suits. We decided to make sportswear, rainwear, dresses—we made everything. And we had to get other people to help
us run the business it was impossible for us to be all over; we had several divisions. We had several divisions--Ginala, Ginori, Barberini, Giorgini, and we had several different people running these divisions. At first it worked very well. But then our efforts at diversification did not work so well. And the original operation--Originala--was making super fine coats, which was the most profitable of all divisions, was getting extremely high priced because of inflation; and because of these extremely high prices, our market got smaller and smaller in scope. And we reached a point where we felt that it was not profitable anymore to continue the business as it was, and we started to close down division after division, which was not profitable, and finally wound up with the last division, which was the original division--Originala--and for that too, the market was just too small for a public company. Maybe for a tiny little private company, we felt it wasn't worthwhile, so we closed that down too. And we wound up with a corporate shell with over 2,000 stockholders in every state in the union, and we had nothing but cash and we had no liabilities. And we were either looking to buy a company or to sell our
IRVING BADER Tape 1, Side 2

corporate shell. And I looked and looked for quite some time and I must have gone through a hundred propositions and didn't find a good one, and one day I was sitting in my lawyer's office, and he had a call from a man by the name of Ira Gilden, who was a Long island financier and philanthropist. He said he had someone there in his office from Israel who was looking to find a public vehicle. They had oil producing properties in this country and they wanted to go public. At that time it was not a good idea to go public. The market was not good, and for a company that size, they could not find an underwriter. So he said he was looking for a public vehicle and did my lawyer know anybody or any company who fit the bill? And my lawyer says, "As a matter of fact, he's sitting right across the desk from me." So I met this fellow from Jerusalem. He was one of two people who were controlling stockholders in an Israeli public corporation, with a strange name—it was called "Jorden Developing & Investment Companies"—a strange name for an Israeli company that had the name Jorden in it, but that is what it was. And they made high technology products; they
were in the real estate business and the insurance business. They were also involved in oil and gas exploration. They were the ones to form a "consortium" of oil companies, headed by Superior Oil, which made the big strike in the Gulf of Suez--the Alma field, which was capable of producing $1 million a day of income and which had to be given back to Egypt, according to the Camp David Agreement. These were the people we were doing business with, and they had some properties in this country--oil and gas properties--and we had what they wanted, which was a clearly public vehicle, and they had what we wanted, so we merged the companies. And we acquired their oil and gas properties, for stock in our company, so, technically, we acquired them. But as a practical matter, they acquired us, because we gave them so much stock they wound up in control of the company. And this is what happened to Originala. Today, Originala, instead of being an apparel company, is called Originala Petroleum; it is a public company quoted in the paper every day. It's sold over the counter, and it's operating as an oil and gas producer. That, very briefly, is what happened to Originala.
Q. Now, let's go back and talk about the early, early days, which you did not know of yourself, but I'm interested in getting a little bit of historical background about this, how it started, which has ended up as Originala Petroleum. Do you remember anything about the early days? Did your father talk about business, and why he went into it? Or anything of that sort?

A. Well, my father came to this country as an immigrant from Europe. He was a technician or tailor...

Q. Now, didn't he learn that over there?

A. He learned his trade over there. And he was in the business of manufacturing, on a very small scale, for a long period of time. And my first recollection of it is when my brother entered the business with my father, which was probably eight or ten years before I entered the business.

Q. Right. Exactly. I assume...I gather you did not really plan to enter the business, since you went ahead to study accounting.

A. I did study accounting, and I did practice accounting. And I am a CPA. And I decided after I got my CPA certificate that this was not where I wanted to make my career, and I
entered the business at that point, which was approximately 1940.

Q. Tell me...in your dealings...from your end of it, with your training and background, I would think that you were probably involved with a number of things...like the union...Did you take care of union matters?

A. Yes I did.

Q. Okay. What union were you a part of?

A. ILG.

Q. Uh huh. And...it is of great interest to know that your production of Originala was always done in this country.

A. Yes.

Q. And sportswear was done here or partly in the Orient...

A. Partly here and partly in the Orient.

Q. And Aquanala was entirely in the Orient, right?

A. Ah...mostly in the Orient.

Q. So that you were really very much part of a pattern that exists now, where the designing is done here, and the production of many commodities is done over there.

A. Right. But by and large with our company, as a whole, I would say that most of our production was done in this country. And a small percentage of it--in relation to the
total business of our divisions--was made over there.

Q. Irving, do you understand section work vs. piece work and how that...?

A. Sure.

Q. Well, could you explain it, because I have now had two different points of view, one from the sportswear market and one from the dress market, and I still don't quite understand it.

A. Well, piece work is self-explanatory, in that a worker gets paid by the number of pieces he produces.

Q. And it's usually one item, I mean, it might be a sleeve.

A. Not necessarily. A worker who is working piece work can work on a good part of the garment. Section work, on the other hand, is...

Q. I see. That's right...Piece worker does most of the garment...

A. Not necessarily. It can be done both ways. But in section work, the garment or the operations of the manufacture of the garment is broken down into many parts, and you use as much specialized machinery as you can. You need right sleeve setters and left sleeve setters. Collar setters and...Every person involved in section work does a small part of the
garment. Now, it can be section work/piece work and section work/week work which means, if it's section work/week work, the worker gets paid by the time. By the hour. And section work/piece work, he gets paid by the piece. In other words, as many sleeves as he sets, he gets paid so much per sleeve. So much for a collar, and so much for whatever operation he does. That's the difference between section and piece work.

Q. Is there a pattern...Is there...Today, is the practice usually to pay by the week or to pay by the piece?
A. I would say, from my own experience... by the piece.

Q. Because you were in both sportswear and in coats...
A. Well, we had the same thing in coats too. We started as a week work shop. It got prohibitive. And as the workers got older, their production got slower and slower and slower, and it reached a point where you couldn't exist unless you were on a piecework basis...

Q. Now, did the union allow you to do this without any kind of freedom.
A. I wouldn't say it was absolutely free, not without an effort I felt on their part to resist, but they saw the handwriting on the wall, and they wanted to keep us in business, but
eventually they did cooperate and allow us to convert
from week work to piece work.

Q. Now, that was in coats and suits, and also in sportswear?
A. Right.

Q. So...both of those areas. Because it gets to be really
a very confused kind of picture from firm to firm. And,
you know, I was really struggling to see how it makes
sense.
A. Most of the small shops, the small contracting shops, out
of necessity to be as efficient a producer as possible--
otherwise they couldn't exist--so they try their best to
become piecwork shops instead of week work shops. But,
the arrangements with the union...If you had a designated
contractor, he owned you. And there was no way in the
world you could get rid of him. No matter how inefficient
he became...And this...was...one of the evils of the business.

Q. And this is probably one of the reasons why so much business
is done offshore.
A. Undoubtedly.

Q. What about your computer center. Did you ever get to the
point where you were able to mechanize your accounting proced-
ures and so on, as the big firms, really big firms, have done?
A. We used computer service companies for certain operations.
Like ADP for payrolls... They are probably the largest service company in payrolls in the country. We used them for accounts receivables. We used them for several different operations. We never had our own hardware. We never had our own computer. I was very satisfied to use the service companies.

Q. Owning a computer yourself I should think would be a tremendous amount of money.

A. It's a monster that you have to feed and you've got to have the personnel for it. I didn't want the computer to own me, so I was happy to use a computer service.

Q. Irving, as the business grew and you developed new businesses from inside--never acquiring from the outside but always developing from the inside--you apparently ran each company with separate people heading the company. Didn't your overhead and your direct costs grow a lot?

A. Well, the more business you do, the more overhead you have. Certain costs are fixed, certain costs are variable. If you can get more volume with fixed costs, then you're more profitable. As far as variable costs are concerned, obviously they go up when the volume goes up. We did have people who
were in charge of each division, and they were on a profit sharing basis. We felt they ought to have an incentive. Some of them did very well; some of them didn't do so well. But I suppose this is not an unusual arrangement, to allow the head of the division, or heads of the divisions, to participate in the profits.

Q. Was there ever any thoughts in your heads about a family succession? Do either you or Nat have offspring who might be interested?

A. I have two sons who never really expressed an interest to come into this business. I have a daughter who is a doctor, and she was not interested in this business. So, as far as a family succession is concerned, it didn't occur.

Q. No...Because there seems to be a pattern such that where there are no...where there are offspring who will take over, some of the businesses appear to go on independently. And if there is no succession down the road, then they seem to be acquired. Or, that's what I've been discovering. I just wondered if you had any reaction to that.

A. Well, my sons were just not interested. And thinking back now, about what happened to the coat and suit industry, in the price range in which we operated, I think we were the last fine coat and suit house to remain in business. When we first started,
when I first started in this industry, somehwere in the neighborhood of 1940, I would guess that there could have been at least 50 firms that were manufacturing coats and suits in our price class. And to mention a few that I can remember, without including all of them, but I could think of Carmel Brothers, Deitsch, Wersba Coppola, and Zuckerman & Kraus, which later became Ben Zuckerman, and Ben Gershel and many, many others. I think that we were the last ones to survive in this industry. One by one they just fell by the wayside. My feeling is that over the years, with inflation, prices just got too high. When the fashion world started to monkey around with different lengths, it no longer became a good investment for a woman to spend several hundred dollars for a coat or suit when the next season she might have to throw it away just because of the change in length. I think this was a contributing factor. But I think mostly it was a matter of inflation and the fact that coats and suits just got too expensive, in the price class that we were operating.

Q. Well, there are still...There is still some business in better coats. They seem to be coming out of the other markets.
which have expanded their collections to include coats, rather than just doing a category...

A. Well, because it's so seasonal. It's not possible to get enough mileage throughout the year to maintain a business in just that of coats. So if you're in the sportswear business and you make a few coats that's fine; or the dress business, or whatever business. But to maintain a business on coats alone, if not impossible, is difficult.

Q. If you had a young person come to you and ask you what your thoughts would be on entering the business, or what route to take to open a business or to go to work for somebody, what would you say?

A. I think that it was easier to go into business years ago. This was a land of opportunity, where somebody could start with a very modest capital, borrow a few dollars, and have a kind of a bootstrap operation. I think it's much more difficult today. Certainly, if you want to be a factor in the market, the making of a line itself is very expensive. I suppose somebody could start with peanuts and make a few items and peddle it around, but have a business of consequence and recognized name on the market, would require a great deal of investment. Tremendous investment. So it's
more difficult today. Maybe not impossible. But to start in this business, it depends on which phase of the business you're talking about. If you're talking about the marketing of it, of getting into a showroom and learning how to sell, it's a rather difficult thing. Some people take to it naturally and are a sales type; others are not. If your're thinking about the designer's end of it, it also requires a special talent. I suppose one of the trade schools would be a way to start. And then get a job as an apprentice at a rather small salary and...even for nothing...to learn the trade, would be another way of getting into it, from the designing angle. But putting the whole ball of wax together, and being a businessman, I think requires a more business approach. You've got to put the whole thing together, like an orchestra leader, and orchestrate the entire business—the production, designing, selling, marketing, advertising, etc., so I think it's a little more complicated than it's been. But I think if anybody wants to enter the business, they've got to be willing to invest the time and in taking a modest salary until they learn the trade.

Q. An awful lot of people, in the early 1900's, started with very little and came out with a whole lot.
A. Yes they did.
Q. It's still a very entrepreneurial business, and... Do you think... You do think, I would imagine, that it's possible, at least, for small companies to survive, if they have something to offer that other people do not have.
A. I would guess so.
Q. You have no temptation to go back into the business have you?
A. Not the slightest.
Q. Thank you very much.
A. I'm very absorbed... I'm very absorbed in what I'm doing. I'm investing the family funds. And I find it a fascinating subject, and I'm busy with it.
Q. And that's very entrepreneurial too. That's what's so interesting. You haven't gone down to the investment market to work for somebody on whatever level. You're doing it yourself.
A. Right.
Q. So that's still a very entrepreneurial characteristic I would say.
A. Quite so.
Q. Thank you very much.

A. Thank you.
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