Craftex, or Gilligan & O'Malley, was started by Abe Cohen, who worked with his father in about 1920 in a small business on the Lower East Side. In 1927, at age 21, Abe Cohen started on his own with little money, little knowledge but much desire to create and run a small business. It went through many changes, particularly during the Depression and in WWII. Sons Jack and Bob entered the business in 1960.

Today the firm specializes in misses' sleepwear with a volume estimated to be in the neighborhood of $30,000,000. It continues to be family run.
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**ROBERT COHEN**

**ORAL HISTORY**

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Q: ...for the Oral History Library of the Fashion Institute of Technology, this will be an interview with Robert Cohen, son of Abe Cohen, founder of Craftex Creations, Inc., a manufacturer of intimate apparel. The date is March 23, 1983. The interviewer is Mildred Finger.

Bob, would you tell us a little bit about yourself; where you were born and when, and when you came into this business?

A: I was born in Brooklyn in December, December 20, 1938: I was brought up...The first five years of my life were spent in Brooklyn, and then my parents moved to Long Island. Great Neck, Long Island. They lived there until I was 18 years old, and then I went to Boston University. From there I went into the service for six months, and when I came out of the service, I came to work for Craftex, which was in 1960.

Q: Had you ever had any exposure to the business? Had your father talked about it, or...?

A: Oh, yes, as a child, from the time I was 13 years old, every summer I worked for him in a different department in the company. Mainly in the factory. Each summer he had a different project for me. The first summer I worked for him--it's interesting--he told me he was going to give me the most important job in the plant, and that was printing labels. I said, "Why is this the most important job in the plant?" He said, "Because if we run out of labels, we stop selling."

Q: That is funny. But did you know that you were going to come into...Did you want to come into the business?

A: No, I had no desire, really, to come into the business. I enjoyed working for him, but he asked me when I got out of the service if...
I would...It was in his mind that I would come into the business, or, from what I understood what his feelings were, at the time, I think he kept the business open only for my brother and myself, to come into. But I really didn't have it in my mind to come into the business. I didn't know what I wanted to do. But when I got out of the service, he asked me if I would come in and help him. His foreman had left him. And I came to work for him. And what I realized, when I came to work for him, was that he lived pretty well and I saw a business that was somewhat disorganized, and they were making money. It was amazing, because there was no inventory...There were no inventory records kept. Everything was in my father's mind, his memory. My brother had been in the business.

My brother's three and a half years older than I am—he was born in 1935—he came out of school and went to college for six months and then came into the business. He came in in the selling capacity. But the two of them were making a decent living. And to me it seemed like an awful lot of money. And they really didn't know what they had in inventory. My father did, but it was in his memory. At the end of the year, he used to stand with the accountant and look at his stock and say, "I have X amount of dollars in inventory," and that was the inventory at the time. That's the way it was kept.

Q: So management techniques were not what caused them to make money.

A: No. He was an entrepreneur. Basically, he made...He was very clever in terms of his purchasing and he handled his business on an order by order basis, and when he decided to go on vacation, the business shut down. For the period of time that he went on vacation. He was the entire business.

Q: Okay. So there you were, in 1960—you joined the business
officially—and what did you do from that point on?

A: Well, when I came into the business, my brother was in the sales end of the business and had started to...At the time they were selling jobbers and chain stores, and what they called at the time Eighth Avenue chains.

Q: What are Eighth Avenue chains? Lerner's? Is that an Eighth Avenue chain?

A: Yes. We sold Lerner's. We sold W.T. Grant. We sold...Some of them have gone out of business.

The business was run on an order by order basis, but my brother was a terrific sales person. He got out there and he would bring in orders. My father would tell him what prices to charge...

Q: Okay. Let's stop there for a moment. What was the price range at that time?

A: It was piece goods, plus the entire payroll, divided by the number of dozens he produced a week. He added on, I don't know, something like, if I remember correctly, $4 a dozen for waste, and $2 a dozen for profit. Profit was larger than waste, I remember. I mean, waste was larger than profit. And that determined the price range. It was...As I remember, I can remember selling goods as cheaply as $12.75 a dozen for a nightgown: for children's nightgowns.

Q: That's right. You were in the childrenswear area and $12.75 then became....Were the stores keystoning at the time?

A: No, because there were chain stores, and I really didn't know the structure at the time. There may be something with retail, but $1.98....$2.00...
Q: Yes. I knew there was something I wanted to ask you, and that is... Well, the story of Tris... That is spelled with one "s", is it not? Tris?

A: I believe so.

Q: Okay. Because that apparently took you out of the childrenswear business into...

A: It was before that that we went out of the children's business. It was at the time... It was into the '70s. We'd moved through the '70s. We went through some changes in the company prior to that time that were significant to the company. About a year after I came into the business, we were prospering. We were....

Q: About how much volume were you doing then, do you know?

A: When I came in we were doing, I think, $650,000 worth of business. And my father said if we reached the first million, every million after that would be easier. So we were doing well. I think we had reached about a million dollars worth of business and we were doing it all in a small little loft downtown on Broome Street, and my father came to me and he said, "Look, we're not going to be able to support three families (neither my brother nor myself were married at the time), and the business is small and we have to expand it, and I think the best thing for us to do is to move out and move south." I don't know if he told you what transpired then, but he went down to South Carolina and he found a town in South Carolina that would put up a plant within, I think, 60 or 90 days. I closed the factory up here. He asked me, he put it in front of me and he said, "If you want to move, we'll do it. If not,
we're just not going to be able to be in business, because I can't see the business growing sufficiently enough in New York to be able to support three families."

Q: You then had an uptown showroom, though, right?
A: Yes.
Q: Do you remember the location of that?
A: 1350 Broadway.
Q: That's right.
A: So we...I moved. And I moved down there for five years and ran our factory, and we built an enormous factory and had very grandiose plans, but we couldn't keep it busy. And I remember we were taking in contract work at the time, and more than 50% of our production was doing work for other manufacturers.

Q: You were then making sleepwear for...sleepwear meaning gowns and pajamas...
A: For chain stores. I think at the time it was totally out of the jobbing business. We had gone into...One third of our business was with W.T. Grant. I think the rest of the business was split up between an array of discounters, and we started to do business with Sears Roebuck & Company at the time and some business with Montgomery Ward.

I stayed there for five years and then my Dad became ill and I moved up from South Carolina to New York, and when he got better he came back into the business and he said, "What did you do?" and I hired somebody to replace me. I started to get involved in the business from a selling point of view when...

Q: I'm sorry. You had hired somebody to replace you down there?
A: Down South. And the gentleman who replaced me is still with
the company and today is our director of manufacturing. He handles all of our manufacturing. But back then, I came up here and made up my mind that if I could just get somebody in the plant to run the plant, if I'd spend some time, we could get rid of all the contract work and build some sort of sales of our own that could support the size factory that we had built. I think it was 1966. In 1969, we had filled the plant with our own manufacturing. We'd started a branded children's line called "Cherri Lynn." And that was in '66, we started a children's branded sleepwear line sold to department stores. Then we decided to design separate lines specifically for department stores and sell it to them, and we built a nice business. At this point the business was doing approximately $2 million. We started to make, as well, teen sleepwear and robes, and the teen sleepwear and robes grew into junior sleepwear and robes, and we decided to take a showroom over on Madison Avenue--180 Madison Avenue--and my brother went over and started that division. That was called "Mr. Jack," which is his name. Jack. It was named after...And I think that was approximately 1969. 1968, '69, that area of time. That began to prosper and we did approximately between $2-3 1/2 million-$4 million, in that area. And then I think it was in 1971, with the new Flammable Fabrics Act that was written, and passed by Congress, we decided that we weren't a large enough company to be able to set up the testing laboratories that were required to make flame retardant merchandise. Having common inventories between Misses and Juniors, or Junior and Children's, we decided that we were going to put all of our efforts into Juniors. We opened up another division called Cherri Lynn Juniors. We closed our children's division, and the first year that we did that we picked up all the volume that we had in children's and surpassed it. We all got together in one showroom at 148 Madison Avenue....
Q: Was a separate collection being done as Craftex at that time...

A: No. It was just "Mr. Jack" and Cherri Lynn at that point. Actually Cherri Lynn Juniors. Craftex has always been the corporate name. Some point years back it was Craftex, but Craftex never really was a label.

As we got into the business, the junior business, we became.... We started many Junior departments with the department stores, and we became a dominant factor in Juniors to the point where stores began to ask us to go into the Missy business. We decided...I think it was 1974...We decided to go into...Maybe it was '75; '74 or '75. Let's see. Eight years is 1975. We decided to go into the Missy sleepwear and robe business, and we did it under the name of Gilligan & O'Malley.

Q: Why that name? It's a cute name.

A: It's interesting. It was my turn to have a company named after me. And I couldn't deal with Mr. Bob, so we had two young models that worked for us, one was Marion Gilligan and the other one was Lenore O'Malley. It was a small company, and everything was family. Everybody felt a closeness to the family. Everybody was very dedicated to the company, as they still are. But they used to call themselves as Gilligan & O'Malley; they referred to themselves as Gilligan & O'Malley, and being it was my turn to name the company, I thought about it a few days and I came back with the name Gilligan & O'Malley and everybody laughed at me. The only one that was supportive of it was my father, who thought it was a terrific name. My brother said, "It sounds like a bar and grill. Or it sounds like a law firm." And I said, "You know, what it really comes down to is if the merchandise sells, it will be a good name. And if the merchandise doesn't sell, it won't be." And it's developed over the years
as a name that represents updated merchandise that is... It was interesting at
the time, we didn't know what kind of a market we were going into. Our
business was growing because we worked hard at our business. Business wasn't
growing because we really knew the market that we were going into. What really
happened was that we were gearing ourselves to the emerging woman that was to
be classified three years later as the working woman, and we began to really,
as time went on in our business. In the 23
years that I've been with the company, I think we've only had two years of de-
creases in volume, and we never lost money, but...The company continued to grow,
and we began to realize was that there was a reason for it growing. We
began to analyze our business. Our business faltered at some point, and we
looked at our business and began to analyze it, and we realized that
we had two divisions--Cherri Lynn Juniors and Mr. Jack aiming at 5% of intimate
apparel, which was the Junior business. We had one division--Gilligan & O'Malley,
which was one third of our efforts, and 25% of intimate apparel, and the
25% of intimate apparel was where the dollars were being spent, because...Our
merchandise was geared toward the working woman who was emerging as the woman
with money in her pocket who was willing to spend it if she had merchandise
that she could relate to, and we had clearly identified with her. That's why
our business was so good. At that point, when we began to re-evaluate our
business and analyze it, we began to realize who we were and why our business
was good and why parts of our business were bad. And it was really an enlight-
ening experience, when we did that, which was about seven years ago, five
years ago. What happened was we decided to close one Junior division--we
didn't need two...

Q: Were they both making sleepwear?

A: Both making sleepwear and robes. Both geared to two different customers. One Junior was a sophisticated Junior, more of a Junior size. And the other was a Junior teenybopper customer. We decided to close the younger teenybopper customer division, which was Cherri Lynn Juniors, and continue with Mr. Jack for a period of a year. We opened up at that point a robe division called R. Michael Allen. And in our analyzing of intimate apparel, we realized that 15% of the intimate apparel business was done in robes and we felt like there was a void in the market place with robes, so to replace the business we gave up in our Junior division, we decided to go into the robe business where we more than replaced it.

Q: What were your price ranges at that point?

A: Gilligan & O'Malley, at that point, going back...At that point, I guess, in dollars it's hard to relate in today's terms, but they were upper moderate I guess, to define a category...

Q: A $12.75 price, for example?

A: For a nightgown, maybe below that. Maybe $8.75, $9.75. We're talking about in the late '70s, mid to late '70s, in that area. Today our price ranges are higher than that, but geared to the same customer, and geared to...Basically they're the same...Inflation has raised them up. Maybe the values are a little bit better today... But the robe division, which was R. Michael Allen, was very successful the first year. To the point where it has grown into a business that, from what I can get from all the reports that I see, we're probably the third largest robe manufacturer who supplies department stores in the country, from nothing four years ago.
Q: Still under Craftex Creations, Inc. corporate name.

A: Right. Now, recently, just this season, in this March market, which was a week ago, we changed the name of R. Michael Allen to Gilligan & O'Malley, because one of the goals of the company, which we've established, is to develop our brand identity, and we felt that supporting two different brands was separating our energies. We wanted to put our energies together toward devoting all of our advertising towards one brand, the brand of Gilligan & O'Malley. We obviously planned the closing of Mr. Jack, which was, I guess, five years ago. We closed...We didn't miss stride at all. Our business has been growing significantly, both in the robe area and in the updated sleepwear area. And that pretty much brings us to today.

Q: Could you talk a little bit about designers? When did you start to use designers? Or how is it set up?

A: Ever since I came into the company.

Q: You've had a designer.

A: Oh, yes. Always.

Q: A real designer, and not a pattern maker.

A: A real designer. We've always had a real designer. And when I say "real designer," we've...I think probably that's what made us what we were, was our ability to recognize that you have to have something special and something different than what was being shown and that you had to have your own identity, and we work at creating our own identity as a company. We don't follow the lead in terms of design. We're leaders when it comes to design. I feel like we are. We're innovators in that sense. We're not the type of
house that goes out and knocks off the competition. We don't look at things that way. And we've always been supportive of designers.

Q: Do you have one or more than one?
A: One today, with three cutting assistants and one administrative assistant. She's been with the company for eight years.

Q: How many sample hands, just so I can get an idea of what is the production of that room.
A: Seven.

Q: Seven. And you show how many collections a year?
A: Five.

Q: There are five markets and you show five times. Approximately how many pieces do you show at a time, in a collection?
A: It varies from 60 to 100, depending on the size of the market.

Q: Are you into private label?
A: No.

Q: None. You don't go into any of that.
A: Everything is with our own label.

Q: With your own label. Could we talk a little bit about production? Do you do any production offshore?
A: None.

Q: None.

A: Everything is made in this country.

Q: Everything is made here, and most of it in South Carolina I gather.
A: Sixty-five percent of everything that is made in our company is made in our own plant, in South Carolina, which has twice expanded. Thirty-five percent of what we make is made through contractors who are around our plant, within a 120-150 mile radius and all contribute to our South Carolina manufacturing facility.

Q: Do you see any prospect of offshore production in the near future?

A: We've been researching it and looking into it. We've been talking to people in terms of possibly bringing somebody into the company who has experience in that area. We've thought about it and recognize that it's a reality of life. It's in the marketplace. It isn't as severe in our area as it is in ready-to-wear, but it is a fact of life.

Q: Let's talk a little bit about selling. I assume that early, when you first came into the company, the sales force was a very limited one. What is it today, and do you participate in the local marts?

A: We have offices in Dallas, Los Angeles, San Francisco, Seattle, Chicago, Charlotte. We do participate in the marts but 85-90% of our business is done with department stores, and most of that is written in New York, by the salesmen who are in the regions, the sales people who are in the regions, but not done out of the local showrooms.

Q: So you're saying, in effect, that most of your stores still come in to the New York market.
A: All of them do. All of the majors do.

Q: But it's still worthwhile for you to maintain offices in the other...

A: Long range, our companies are growing and there are certain markets that are a very strong force and other markets that are not very strong, and we have had difficulty in servicing the small store business, because our business has grown so rapidly. Our fiscal year ends June 30th, and we just finished up our fiscal last year on June 30th with a 53% increase in sales.

Q: So that brings you to approximately what?

A: We finished the year at $22 million, and we'll finish this June 30th at about $26 million.

Q: That's a considerable growth.

A: In a bad economy, it's been terrific.

Q: And your product mix is still nightgowns and robes. Is there any thought of going into a day wear market?

A: Not at this point. There's tremendous growth in the...What we're finding, as our company grows and we're specializing in specific areas, we're analyzing our markets and recognizing that a buyer...When we first came into this business, basically there were only two markets a year, spring and fall. What we began to realize was that the only reason was there were two markets was because the manufacturers were only making two lines, but the buyers were coming in four or five times. What we decided to do, what we recognized was that the stores must be sending the buyers in to buy something. If we had something to show we could do business. And that's how we developed five markets a year. And we found that there were areas of growth that we haven't even begun to touch in the sleepwear/robe
area, and rather than diversify into day wear or other areas within intimate apparel, we stayed in the areas that we were in and developed classifications that were not currently developed, there's plenty of room for growth. We... As we see the business, in terms of the future of our business, and the future of the intimate apparel business, with department stores, the business is going in two directions. The department stores have decided to develop their own private brand businesses. You mentioned that before; you asked the question. We've been approached by the department stores, through the offices of the department stores, to do a private brand business. That is an area of growth for our company. Chain stores is another area of growth for our company. Discounters would be another area of growth for our company. And in evaluating ourselves, and looking at where we see ourselves five years from now, or three years from now, we see the market going toward... We first look at our customers, and our customers are the department stores. We really can't handle the chain store business with the rate of growth that we're having, and we have a very ambitious three year plan that consists of sizable growth for the next three years. In that plan, we feel like we're going to have all we can do to service department stores, so the choice really comes down to do we want to do business on a private label basis, or do we want to develop our brand? And we feel that this business for us is developing our brand. We feel like the private brand business can be good if you need the business but that's business that can be transplanted from one resource to another. If you've got the brand identity, that business is not easily transplanted, and if you can create the consumer pull through the stores, the stores are going to do business with you, because they need to carry the brand. So, really, the emphasis from our company's point of view is to develop a brand identity. And toward that end, what we've done is we've opened up... Right now
I think it's. We're going to have for the first year probably ten departments that are assigned Gilligan & O'Malley departments throughout the country. The first one was Bloomingdale's, we're ambitiously building a business with Bloomingdale's and two other stores, one of which is Lazarus and another of which has not been announced yet. But the purpose of this is to help us to build the brand identity.

Q: What year did you say you had named this division? I don't remember. It's probably on the tape but...

A: '75 I think. I think it was '75.

Q: Bob, when you talk about a three year plan, that brings us to the whole question of management--who does what and how you divide the functions... We were just about to talk about management functions. How you divide your functions with your brother and anybody else who's part of the management team. And who develops, who makes this three year plan you were talking about?

A: Well, I think it was in August or September of 1982, the Board of Directors elected me President and Chief Executive Officer of the company.

Q: You had become a corporation some years ago I take it.

A: Yes. As a result of that... I mean, I felt like I had the responsibilities anyway, but I didn't have the title, but I felt differently about the company and I started to approach it from a different point of view. Not that the company wasn't doing well--The company was doing very well. But I wanted to see the company grow on a consistent basis, and I felt like the company was growing to a point where it could no longer operate as an entrepreneurship. The controls were all in my hands and I felt uncomfortable with that because when a company
grows to the point where it's grown, it can become unwieldy very fast. I felt we had to do some planning. So what we did immediately was form an executive committee within the company, and that executive committee consists of all the administrative departments within the company. It consists of finance, which is handled by a Director of Finance; a Director of Manufacturing; we promoted somebody to handle merchandising, which was one of my functions. A gal's been with the company for 16-17 years and is in charge of merchandising of product lines; a Design Director; and my brother, who is Executive Vice President of the company and handles all of the sales. The purpose of the Executive Committee is to carry out the goals of the company. The goals of the company were created by myself, in discussions with each of the people on an individual basis, and the Executive Committee, in terms of developing not only dollar goals, in terms of sales, but as well...

Q: Goals not just in terms of sales...

A: Not just in terms of sales, but where do we as a company see ourselves going? What kind of direction? Because the pressure on us as a company was beginning to develop both from our resources and from the stores. We're becoming known in our field for being innovative, being good business people and reliable to do business with. And, as I indicated before, opportunities in the area of chain store business and private label business, discounting business, became open to us. And it can become confusing if you really don't know where you stand, if you're responding to every wish of every customer. So, I felt like...
It was getting confusing. Because situations were being presented to us and handled on a one by one basis, and there was no clear cut company policy. So my brother and I sat down and we talked about it a great deal and discussed it with
the people that worked for the company. And, as well, with retailers and listened to propositions that were put before us. And we came back to the same conclusion all the time. We are our own people... The reason we went out of the chain store business to begin with was the fact that they began to dominate us and we were not permitted to be as creative as we can be, by being ourselves. And we decided that we liked the idea that no account is worth more that 4% of our business, and we can afford to be somewhat independent and cognizant of what a store's needs are. So we very clearly defined what our goals were and made it very clear to everybody on the Executive Committee. The Executive Committee meets approximately once every six weeks, and it's compulsory for everybody to attend. We have already taken a field trip to a store and addressed ourselves to specific problems that exist within the company, all geared toward focusing in on achieving the goals, the stated goals of the company, both in dollars and as well in terms of an identity, a corporate identity. And that is developing the name of Gilligan & O'Malley. And toward that end, everybody is assigned projects, and we have a very formal meeting, where... It's a day meeting. It takes place every six weeks, as I indicated. It has a formal agenda which people are permitted to make recommendations as to what goes on that agenda. And...I don't know if you're interested in all this...

Q: Oh, yes, very.

A: And everybody is given a subject to discuss. They have time to prepare for it and they give a formal presentation, and they're given a time limit on it, and have to give their presentation within that time frame because we're on a schedule and people have to leave after the meeting's over.
and get on to their business. There are no interruptions for any reason. And after the...Generally it's a 20 minute presentation, and there's a 20 minute discussion where everybody participates. And projects are assigned as a result of the meeting. One of the major achievements of the two executive committee meetings that we've had...One of the major achievements of them has come out of it, a merchandise calendar, where we as a company have recognized that we come out with five lines a year, but most of us didn't realize, including myself--I knew but I didn't know, on a conscious level what was really happening. Our lines were coming out late, and it was a major problem that we had. What we didn't realize was that we were working on four lines at one time, and that there are certain...We created 35 steps in which a line is created, and we put dates that were reasonable dates in order for people to achieve their goals and people who are responsible for achieving each one of those steps. Somebody is assigned...The Director of Merchandising is assigned to see to it that the merchandise calendar is adhered to. And as a result, for the first time, this May, we will be on time, a week before market week, with our lines, and all of a sudden things are changing. We're able to plan our business better. And we're implementing budgets for the first time. The beginning of them will be introduced in the April Executive Committee meeting, and it's worked out ot ....What it's done for me as a person is it's relieved a tremendous amount of responsibility from my shoulders and put on people who really should be carrying the responsibility in their specific areas of responsibility. And as well what it's done is it's opened up everybody to everybody else's problems, and if a manufacturing person is having a problem, and the design person is sitting right next to him, and they're talking about the problem that they're having,
all of a sudden problems are getting solved at a meeting, that never really took place before. Maybe even to the point where some hostility builds up because these things are not brought out and talked about. I was very, very careful when I formed this committee to make it very clear the first time we had a meeting that everything had to be kept on a constructive level. I wasn't interested in anything but dealing with every problem that we had on a constructive level. I didn't care what had been done in the past, because it was unimportant. We're not living in the past; we're going forward. And I think it's been inspiring to our people, and I think a lot of problems are beginning to get solved in the company that had never really been addressed before. Or had never been addressed before in a way in which they were solved. And I found myself doing less...Doing more managing the people and less of the day to day work. I found myself seeing a bigger picture easier than I did before. I think the people who work for me are happier; they have more responsibility and they like it, and they're rising to the occasion and dealing with it beautifully. We've got a lot of problems, but every company's got problems.

Q: That's right. You referred earlier to some of the store relationships, and I think that's really a very interesting subject which I would love to hear more about. As between department stores and specialty stores--what's your percentage? As to a level of management that you deal with in stores, do you have a point of view about that? What's your...? Okay.

A: About 90% of our business is done with department stores. The most successful businesses that we have developed, from the top management down; from the President of the store right down to the buyer, we have relationships with almost every major store President in the country. And I'm talking about department stores. We plan our business very carefully with stores, in
We feel like if it's as important as it is to have a three year plan for our company, that it's just as important for us to have a yearly plan with our customers, so that we all know what our targets are, and what we're looking to achieve. And we constantly evaluate our businesses with the stores and are constantly looking to improve it. Every sales person who works for the company--of which we have 12 now that work on the road, for 12 different territories--is responsible for creating a sales plan every season by division, sleepwear and robes. And that's worked out with the buyer or the management within the store. As well, my brother travels to the stores to review the selling, to review the goals, the objectives of the store with us, and we approach the business from a very professional--I feel like--a very professional point of view. Within our field. And I think it's part of the reason we're as successful as we are. We're interested in what percentage intimate apparel is to the total store, when we sit and talk to the management of the store. We're interested in what percentage of their business is sleepwear; what percentage of their business is done in robes, so that we can see what stores are underdeveloped and help them develop that business. So we see areas of weakness, areas of strength and take advantage of the strengths, correct the weaknesses, and develop a business. We're interested in the constructive path. Everybody in the company is. We constantly work at our problems, both...Addressing myself to your question about the relationships with the stores--both with the management of the stores and also internally, within ourselves, we're constantly looking to improve ourselves. We feel like it's a necessity to be successful in business.

Q: Do you do co-op advertising with your stores? That's probably one of the reasons they still come into the New York area.
A: They come in to see the lines. I mean...

Q: But assuming they could see the line in their own territories, the difference is here they can talk to you. There, they could talk to the salesman, who is not probably going to be able to authorize what you can authorize.

A: Well....

Q: I don't mean to put words in your mouth but...

A: They can submit it from the stores or from here. But basically our formulas are pretty cut and dried. We want to know...We like to participate in advertising with people who are planning their businesses with us. We try not to participate with people who are not planning their businesses with us, because we realize that unless you...It's like flying a plane without a flight plan. You don't know where you're going; you don't know where you'll wind up.

Q: Could we talk a little bit about some of the basic things. What's your situation with regard to reorders? Whether it's this company or this market. I have a sense that only basic basics get reordered.

A: Very little is reordered here. Maybe 5% of our business is a reorder business. If it's that. We get sold up very fast.

Q: And the stores really want new merchandise.

A: Well, we repeat our best selling bodies. That's the core of our business. When I say that we're updated, that's....That could be misleading. We're constantly making new merchandise. But over 50% of our business is done in repeat styles. They're recolored and reprinted, updated in terms of color and in terms of print. But.....
A: ..those bodies were at one time new. They were updated, but when you constantly repeat them over a period of years, they become traditional. That's a major change that we went through about five years ago in our company. We created everything new. Every season we would reinvent the wheel, and it became very difficult to run our business because nothing was predictable. Now, over 50% of our business is done in what we call our classic bodies. And so the idea that we're an updated resource...We are an updated resource, we do create new styling every season. But we also do a traditional business.

Q: Right. Have you ever been interested in making acquisitions, explaining your product line that way?

A: Thought about it. That's all. Never done anything about it. Never really been in a position to do anything about it.

Q: Because there wasn't a firm around that you would want to acquire, or because of money?

A: At one time it was because of money. Now I look at it in terms of....I don't know that we'd have to acquire a firm in our field. I don't want to go to far astray from our field. There is ample growth to satisfy the needs of the company in the areas that we're in. So I don't see any need to acquire. Maybe a need to acquire a factory down the line, but I don't see acquiring another company at this point.

A: Speaking of down the line--Where is the succession, down the line? Is there....are there other people who...

A: Part of this whole concept of developing an Executive Committee and delegating responsibilities from within the company, hopefully the
future management of the company will come.

Q: Are there family members who might move into place?

A: I hope not. Really...Sincerely...It's taken a long time for us to develop the kinds of relationships which we have now, which are wonderful now, but they were very difficult in the coming, through the years. In almost... ...In a family business what happens is, particularly when you go from school or service or whatever right into a family business, which both my brother and I did, what it becomes is an extension of the family. And whatever problems existed—and certainly they existed for all of us, they have a tendency to continue and it's very difficult to create your own identity within a family business. And I wouldn't deprive a son or daughter of mine of going out and doing their own thing, and finding themselves and finding their own lives. Also, there are an awful lot of dedicated people who work for this company who should take part in the management of the company, the good people.

Q: Then, how do you feel about the possibilities of people coming into this industry at this time? What is required to become part of the industry?

A: You mean....

Q: Financing, structure...Is it possible to open a business, to start a business, in this market. And if so, what kind of capital does it take, what kind of expertise does it take...

A: For somebody that's not in it?

Q: Right.

A: Very difficult. Particularly today, because it's very hard for a small person to make it today. The competition is just too difficult. There's just too many things that you need to be experienced in. It's hard to have that
kind of experience. You've got companies that have developed to the point where they're very sophisticated and you're up against that kind of competition. I see it....That's in terms of building a company of substance. When I say of substance, I mean, to be an entrepreneur in this business, possibly with some offshore manufacturing you could be an entrepreneur and get into the business. But it's difficult.

A: What would you think it would require in terms of financing? Not just to do a kind of boutique line, but really be in the business. I mean, to have a showroom and to have sales people and....?

A: It's a heck of a commitment. I mean, I haven't really thought about that, but...Well, I mean, it's like everything else. You'd have to start out with a budget. I mean, how much business do you want to do? What does it require to run that business? And work backwards off of what is achievable in the business and work back off of that, in terms of coming up with what you need. I don't know. I haven't really thought about it, because I haven't really been in that position. And I hadn't thought about going into that position, so...I think it would be difficult though, to get into it.

Q: What kind of advice would you give to a young person coming out of school? Is this industry one in which young people should be interested or not?

A: To me, the intimate apparel part of the apparel industry...

Q: By which you mean sleepwear, day wear and nightwear robes....

A: All that stuff. To me it's probably the most sophisticated part of the apparel industry.

Q: Really.
A: Yes. I think there are more...I shouldn't say most sophisticated. But I would say more business like than most other parts of the apparel industry. Now, that's on an overall basis. You look at the large companies on 7th Avenue, and they're good. They're well run. There's no question about it. Many of them are. The larger companies. But when you get down to the medium and smaller sized companies, I think they're better run on this side of town, in the intimate apparel aspects of it.

Q: This side of town meaning what we refer to as the East Side..

A: ...as opposed to the West Side. I think there are tremendous opportunities because it's not an area where a lot of people pay an awful lot of attention. It doesn't get a lot of glamour. It is probably either the most profitable or the second most profitable departments or divisions within the store, the department store area. The stores are waking up to the fact that they need, in most cases, to devote more store footage to it. And they're doing it. I think there are tremendous opportunities, because I think that we really lack a lot of talent in this area. I think there are good opportunities. But where would a young person go?

It's funny. I was in a cab...It wasn't a cab. It was a driver driving me someplace the other day, and he was interested in getting into the apparel industry, and he asked me the same question. I guess you have to think about what area of the business you love, more than anything else. It's more important than anything else, because that's where it all starts. If you're not doing what you love, you're not going to be successful at it. If you feel it and you love it and it's part of you as a person....

Q: Whether it's designing or selling or production or finance...
A: Exactly. It doesn't make any difference what it is. You'll be successful at it, and you'll probably branch out into the other areas, only because you'll find it intriguing and interesting and it will come together as part of the total package. The area of love is the most important thing. What do you feel in your heart? It's more important than anything else. Because if you feel it in your heart, you can be successful at it. And everything else will fall into place. Every other area of the business will come together for you because...but you've got to go where your heart is. Not always where the opportunity is. Where your heart is. Sometimes the opportunity's in the wrong place, and just because there's an opportunity there you go there, but it's not what you feel. And you wind up in the wrong place and you don't understand why you're unhappy. If you're unhappy you can't be successful, I don't think. It's hard to be.

Q: Okay. I think that's it. Thank you very much....By the way, before we finish this, could you talk a little bit about your computer setups, because that seems to be the way things are moving in large businesses.

A: Um hum. We never purchased a computer until just recently, we purchased a small one. But we've always leased a computer and we've been computerized for the last 15 years. And we started way back in 1967-'68, with this "unit record card" system that IBM had, and right now we have a System 34, and in addition we just purchased a small IBM personal computer to do all of our forecasting. And it's very interesting. We just did our seasonal plans, which is something...We came up with a merchandise plan by style, showing planned gross profit, our planned...basic plan...selling price and the cost price,
and before we even come out with a line we can sit and put that up on the screen and shift our prices around and shift the quantities and come up with a whole seasonal plan and know what the bottom line will be, if we hit standard and if we sell the quantities that we think are achievable. And it's amazing to...I mean, instantly. If you shift the price, you just go right down to the bottom on the screen, and you can see exactly what your bottom line is going to be. And it's something that I feel is the wave of the future, there's no question about it. It will increase our profitability tremendously. It will give us the ability to reanalyze things we've done in the past, to analyze things we're presently doing, and to forecast a lot more accurately. And it is something that's separate and apart. We're using it separate and apart from our main frame computer, which is in the plant.

Q: Do you use a computer for cutting? Pattern making?

A: We just purchased the Hughes equipment in our plant, we're installing it in May. We don't...that will be for pattern making and grading and marking, actually not the original pattern, but the grading and marking. We're not large enough yet to get into the cutting part of it. But I can see that...The computer is really changing things dramatically in the apparel industry. It will be easier to train people and so on. Just by putting a little cassette, or...I don't even know what they call them...They put these little programs into a sewing machine, the machine sews a certain number of inches, stops, the operator turns it, it sews another few inches, and you can change it to any operation you want to change it to, change the machine to. So, I see the computer really becoming an important part of the business. But I think the big dollars are still in the analytical part of it. Just analyzing your business
and planning your business better.

Q: And then perhaps developing the software will help the computer achieve what you have strategized.

I don't think I asked you about your distribution. Where is that done from?

A: South Carolina.

Q: So the orders are taken here and sent down to South Carolina...

A: The orders are received here, they're edited here, key-punched here. We have a direct line right into our computer in the plant. Orders...We create cut-and-sold reports which indicate what we sold against what we planned and indicate what we sold against what we cut. We have a good reporting system with regard to the control of the orders and the cuts, and the stages of production. We also have on line at all times, if we want to know the status of an order, we can pull it up on the screen and, the customer's order, we pull it up on the screen and you can read into it, and it will tell you how the order went, when it went, and the number of cartons and the weight, right on the screen, instantly. The minute it goes out the door, it's keypunched in. Also, as well, we see the goods. Our raw materials, our work in process, and the finished goods and material are on there, and everything related to it is on there. The only thing that we're not doing in house are accounts receivables. We're using an outside service for that. But that's...We keep growing out of equipment. We keep purchasing new data processing...not purchasing, but leasing new data processing equipment and as fast as we lease it we grow out of it and get on to the next stage, because the company is growing. So that's something that will be relatively simple for us to do. That's down the line. We use an outside
service for that. But...We just finished an interesting report, tying in all of our supplies to our cuts, and to our planned delivery dates so that...

Q: By"cuts," do you mean cuttings?

A: Cuttings, yes. So you can see it right up on the screen.

We have an awful lot of printings and findings that go into a garment, the nightgown. The coordination of all those supplies geared into a specific date, delivery date, with the number of cuts that we make, is a mammoth task by hand. We just completed doing it on the machine, and it's terrific. We're getting to the point where we're going to be publishing on a weekly basis, to our customer...to our resources. A listing of every single one that they have open with us, and what the delivery dates are, and we're reviewing it with them on a weekly basis, where they have it in front of them and we have it in front of us, and we're aiming at maintaining our schedules. It's been a big problem with our company. It's one of the things that's come out of these Executive Committee meetings.

Q: That you had to develop your...

A: Develop a better plan of attack toward coordinating the supplies into the plant on a timely basis, to meet our delivery in terms of what we're quoting for the stores, to meet the manufacturing/delivery cycle plus the delivery to the stores.

Q: Just one final question (at least I think it's final): What sources of fashion information do you use? Does your designer go to Europe? Do you subscribe to....

A: She just came back today. She took a two and a half week trip to Europe. She went to Milan, Paris and she finds prints over there,
brings them back. Finds silhouettes and occasionally we'll buy a style, but more importantly she's looking for prints and silhouettes that we incorporate into our line. Color, trends, creates color palette. She goes twice a year. She also is a member of Fashion Group. We have from time to time belonged to Color Services and we subscribe to Fashion Calendar. We belong to an industry organization. We go to the offices, most of the offices have slide presentations that they give after each European presentation. We all participate, we all go to that. We try to hit the Fashion Group, as a group. We go as a group to fashion presentations, that are given by our resources. And we sit and discuss it. And it becomes a part of the merchandise meetings; the subject of discussion at the merchandise meetings. It's very important. Probably...We didn't talk about it at all, but it's probably one of the most important parts of our business.

Q: Yes. Since you are interested in yourselves as a fashion house; as being considered as a fashion house, and as being a fashion house. So it is important, sure.

Are most of your fabrics bought here, but perhaps imported from somewhere else?

A: All of them are made here. 99% of them are made here.

Q: 99% of them are bought here. You don't always know your sources...

Even though they're...

A: 99% of them are made here. Plus, pretty much all the fabrics that we purchase are made here.

Q: And you use both tricots and wovens?


And that's another aspect of the business that we're proud of, and have developed
excellent relationships with our sources of supply. We feel like it's a very important ingredient to our business. The sources of supply are getting fewer and fewer. The relationships that have developed from the top down, and the sources of supply, at least from my point of view, are very, very important. And we try to be fair with our resources and they with us. We have excellent relationships with our sources of supply. And I think it's a very important part of the business. It helps designing, it helps deliver the merchandise that you sell, in a timely fashion.

Q: Good. Thank you.