ORAL HISTORY LIBRARY, F.I.T.

THE FASHION INDUSTRY LEADERS

JOHN W. FIELD

Chairman, Retired
Warnaco, Inc.

Dates of Interview
March 25, 1983
April 8, 1983

Interviewed by
Mildred Finger
Warnaco, Inc. is a multi-divisional apparel conglomerate whose volume exceeds $500,000,000 annually. The original business, the Warner Company, was established in 1874. Its sole product was the corset.

In 1960, the company made the decision to become a diversified apparel company, and acquired a number of companies in the next decade. They also developed some divisions internally.

John Field, now chairman emeritus of Warnaco, Inc., is the grandson of the two Warner brothers who founded the original business.

Warner's remains a major division of the Warnaco corporation.
## TABLE OF CONTENTS

**JOHN W. FIELD**  
**ORAL HISTORY**

<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 5</td>
<td>Summary of company's history from the start in 1874 through the 1930's</td>
</tr>
<tr>
<td>6 - 11</td>
<td>Description of Warner's in the 1940's: management, inventory control, showroom, relationships between salesmen and customers, role of designers</td>
</tr>
<tr>
<td>11 - 13</td>
<td>J. Field enters the business and trains in various jobs; new emphasis on fashion</td>
</tr>
<tr>
<td>14 - 16</td>
<td>Introduction of new styles and new advertising</td>
</tr>
<tr>
<td>17 - 19</td>
<td>Changes in the company structure after 1960</td>
</tr>
<tr>
<td>19 - 22</td>
<td>Decision to become a diversified apparel company by acquisition</td>
</tr>
<tr>
<td>23</td>
<td>Changes in management structure as several big companies were acquired</td>
</tr>
<tr>
<td>23 - 24</td>
<td>Attempting to develop an international business</td>
</tr>
<tr>
<td>25 - 26</td>
<td>Dangers of overexpansion</td>
</tr>
<tr>
<td>27 - 28</td>
<td>New marketing techniques today</td>
</tr>
<tr>
<td>28 - 32</td>
<td>Warner's production distribution and data processing facilities</td>
</tr>
<tr>
<td>33</td>
<td>Philosophy about free trade</td>
</tr>
<tr>
<td>34 - 37</td>
<td>Activities abroad of subsidiaries and of licensees overseas</td>
</tr>
<tr>
<td>38 - 39</td>
<td>Importance of setting up divisions especially to handle segments of the market e.g. chain stores</td>
</tr>
<tr>
<td>40</td>
<td>Union relationships</td>
</tr>
<tr>
<td>41</td>
<td>Private label</td>
</tr>
<tr>
<td>41 - 42</td>
<td>Role of fashion in certain divisions</td>
</tr>
<tr>
<td>43 - 45</td>
<td>Description of how certain divisions function</td>
</tr>
<tr>
<td>46 - 48</td>
<td>Warnaco's changing concept of the role of fashion</td>
</tr>
<tr>
<td>49 - 52</td>
<td>The role of manufacturers in the servicing of store bra-and-girdle departments</td>
</tr>
<tr>
<td>53 - 56</td>
<td>Difference of management structure of one company contrasted with a multi-divisional organization</td>
</tr>
</tbody>
</table>
Q: ...for the Oral History Library of the Fashion Institute of Technology, this will be an interview with John W. Field, retired Chairman of Warnaco, Inc. This interview takes place on March 25, 1983. The interviewer is Mildred Finger.

Mr. Field, could you start by telling us something about the development of the firm from its inception, what the old family history might have been, for example, that you would have been told about.

A: Of course. Obviously, I never knew the original founders of the company. They were two, as the book says, and I know very little more about them other than the fact that they were two doctors in McGraw, New York, and they were...And the story goes (and I never heard anybody to refute it) that they were concerned about what was happening to their female patients in the old corsets of those days, so they developed, they invented a corset that they felt would have less effect on the physical problems of their clients. And they started manufacturing this in a small building in McGraw, New York, and it became so successful that in time they gave up their medical practice to manufacture what was called Dr. Warner's Health Corset. And they moved their operation to Bridgeport, Connecticut. Obviously they were long since gone by the time I was born.

Q: About what year was the inception of the business?
A: About 1874, if I remember correctly.

Q: You were celebrating...

A: Well, it's over 100...The company, the Warner Company, is over 100 years old now, and I was born in 1914, so you see...The first head
of this company, the first thing that I knew about this company, was my grandfather, Mr. D.H. Warner, who was the son of the one of the original owners. When I was growing up as a boy, why my grandfather was the President and the Chief Operating Officer of the Warner Brothers Company, and this would have been in...Oh, when I was first conscious of anything, let's say, 1918, 1919, when I was four or five years old. And then in the '20s, when I was going to school, and then later in the '30s, to college, why, Mr. D.H. Warner was the head operating man of this company.

D.H. Warner...Let's put it this way. In his early youth, he was an exceptional man. He was a semi-professional baseball player, and a semi-professional wrestler, and he was an athlete and quite a man. By the time I got to know him, in the '20s and '30s...

Q: Excuse me. Was he your grandfather?
A: My grandfather. And he was President of the company. By the time I got to know him, in the late '20s, he had become terribly overweight and he had let himself go physically. And I'm told that in his early days he was an exceptionally able business man. And when I first came to work for the company, many years ago, one of the greatest compliments that could be paid to me was by some of the old ladies who knew my grandfather, who would say, "You're like your grandfather." And they loved him.

But, as he got older in years, his business acumen failed. The company ran into extremely difficult times in the '20s and late '30s. It employed thousands of people and reached its heyday, really, after the First World War. And at that time was a dominant influence in the corset industry...
in the country, under D.H. Warner. But as his skills failed in the '20s and we entered the corsetless era of the '20s, the volume of the company shrank. The profits shrank, and so forth. D.H. Warner had three children. My mother was the middle child. DeVore Warner was her older brother and Bradford Warner was her younger brother. They tried to give Warner...D.H. Warner tried to give his oldest son, DeVore, most of the original assignments of...The idea was that he would take over the company. At this time, this was definitely a family business we're talking about. But D.C. Warner was not particularly interested. He was not particularly skilled. D.C. Warner wasn't a particularly skilled man, so he left the company and went with the Bridgeport Hydraulic Company, and never was part of the company from then on. My mother's younger brother, Bradford Warner, went with the company, but he was not entirely skilled, so he was put in charge of a small division there, making paper board boxes.

My mother had married a fellow by the name of John Field, who came from an entirely different part of the world. He had been born in Wisconsin, and his father was a lawyer. Later they moved to Oklahoma, and his father was a lawyer in Washington representing the Indians, before Oklahoma was a State. And he'd gone to high school in Washington, D.C., and was a very good football player, so he was recruited by Yale to come up and play football for Yale. And he graduated in the Class of 1911 at Yale, and got a job from my grandfather as my grandfather's political assistant. My grandfather at that time was involved not only in the Warner Brothers Company but in the local hydraulic company and the gas company and the D.M. Read
Company, which is now a division of Allied Stores. And he was also in politics, so Dad got a job as the political manager for my grandfather, and ended up marrying the boss's daughter. So that's how he got into this family picture.

And my father was a very astute and tough business man, and as the brothers, my mother's brothers, failed at the jobs in the company, my Dad got put into them, and finally, by the late '20s, early '30s, was made President of the company. It was an extremely difficult time, because the company almost went bankrupt in the early '30s. It had lost its prestige in the market place and it was deeply in debt. The volume had shrunk all the way back to about $2-3 million, and he had an extremely difficult time during the '30s to bring the company back. He did so by very, very tough management, and today people tell me about what a lovely, lovable character my father was, and I don't believe one bit of that. He was an extremely good business man, but he was hardly lovable. Because you couldn't be lovable and do what he had to do to save a difficult company in the early '30s.

And, of course, when I was growing up and hearing all about this, I would hear how or whether they could survive until the next year or so. I remember one particular incident. It would have been about 1932 or 1933, to show how difficult the situation was. The Chase Bank had been our main supporter, and they decided that they could no longer work with the company so they called all the loans, and unless we could find support from other sources the company would have to close in a month or two. Fortunately, my father and the Treasurer at the time, was able to bring in the Guaranteed Trust Company
and the First National Bank of Boston, and they supported the company through the '30s. Gradually, they got control of it. Grandfather died in about 1932 or 1933. He had lost his wife and remarried and I remember him as an elderly man, over weight, sitting in a big chair in his house, and I'm afraid that he was no longer the business man that he was in his early days.

But the company, by that time, was really very much in a shrunk-en condition. It was gradually built up on very strict lines, during the '30s, and, of course, it went through the war year period where you know that all the materials were restricted and they had a difficult time. They went into other businesses. They went into making parachutes for the Navy. They went into a spiratube, which was a flexible tubing that the Navy used...

Q: S-p-y...?
A: S-p-i-r-a-t-u-b-e. Which was a flexible tubing that went around corners that they could use for air conditioning and various devices in destroyers. And, of course, they made parachutes for the Air Force, I should have said, not the Navy. And my father was a strong, pretty much a one-man show. He ran things and he had everybody in the company reporting to him, and it was a small company at that time.

So, I knew my grandfather, and you can ask me any questions you want about him. And, of course, I knew my father, and they were the two that ran that company. My father disagreed with his father-in-law, and in my opinion, if it hadn't been for my father, there would be no company today. On the other hand, in the long run, my father had sort of blinders on, and he was typical of the old school. He could manage a one-product company and manage
it very well. He had difficulty seeing a company with a variety of products. In any case, I, myself, was the oldest of his three sons. My brother is a doctor and has never been involved in the company, and my sister is married to an inventor, so she's never been involved in the company. When I got out of college...

Q: When you were growing up, were you living up in Connecticut?
A: We lived...I was born about a block from the old factory in Bridgeport, and then we lived in.....

Q: I'm sorry. When were you born?
A: In 1914. And shortly thereafter they moved a little bit away, up to a place called Brooklawn Park in Bridgeport, and then later in Fairfield. And I went to boarding school and college and graduated from college in 1937. I had no intention of going into the business. I'd been in college. I'd done honors work in English literature, so I took a job with Time-Life as a writer. I had been Vice Chairman of the Yale Daily News. So I made my living for ten years as a writer. And I worked for Life Magazine until 1946, until late in 1946. Meanwhile, my father...

Q: I'm sorry. You joined the company in 1947?
A: '46. 1946, which was almost ten years after I'd gotten out of college. Meanwhile, the company had straightened itself out to the extent that it was small but profitable.

Q: And it was still called Warner's.
A: It was the Warner Brother's Company. And it made girdles and bras, and it had a small box making division. There was a paper board box...
division, that made paper board boxes for local companies around the Bridgeport area. But it was a well known and well established brand in the best stores in the country, and growing modestly and thoroughly with a good management team, reporting directly to my father, with everybody in the place, including the doormen...Not the doorman, but the janitor, reported to him. That's the way companies were run, the way family companies were run in those days.

Q: Do you know about how much volume they were doing at that point?

A: Right after the war they were doing about...When I came with the company, we did $6 million, in the year 1946. And when I left, retired as Chairman in 1949, we did $475 million.

Q: Not 1949.


Q: You did how much?

A: $475 million. So it was a considerable change, in that time. But anyway, that $6 million was profitable, which was a lot more than could have been said 10 years before that.

Q: When you said everybody reported to him, how many people were in that category?

A: Oh, I don't know. Technically, I don't suppose everybody reported to him, but...

Q: I'm only referring to the executive level of people.

A: Well, then, I'd say...He didn't have a sales manager, so he
had...but he had three regional salesmen all reporting to him. He didn't have a head designer. He had numerous designers, and they all reported to him. Each designer reported to him individually. He didn't...He had a Treasurer, who reported to him. And then, of course, he had such people as a Production Manager who reported to him. He had the stock keepers...My father was a great man for detail. And he believed...It was his education in the world of hard knocks. He believed that the single most important thing in the apparel business was your control of inventory. And it was in inventory that you made or lost your money, and it was something that he taught me when I did come into the company, at an early date. And he, individually....As long as he was the Chief Executive Officer of the company, he cut every single individual order himself. He would sit down with the stock keepers and when a 100 dozen of this style or that style was cut and sent to the cutting room or the stitching rooms, why he himself would cut it. He never trusted anybody else.

Q: He was technically trained, was he?
A: Oh, yes. Well, you see, in the early...When there was no money, your inventory was everything. So the decision as to how much inventory you were going to make...It's just like in a store. When you make a purchase, if the manager of the store insisted on every purchase being made, with himself approving every purchase...He had stock keepers who would recommend; who kept the statistics and could see what we had of a certain style and what the sales rate of that style was, and so then he would say, "Well, we'll cut 50 dozen of these." But he wouldn't entrust that decision to anybody else. And that's, of course, how he kept, really, kept control over the inventory.
Q: At that time, was there a New York showroom?

A: Oh, yes. We had a New York showroom. We had, when I came with the company, the showroom on Madison Avenue. Long before we moved up here, it was down on Madison Avenue.

Q: Here is 90 Park Avenue.

A: And then we had a showroom in Chicago, and we had a showroom in San Francisco.

Q: These were permanent. Year round.

A: These were permanent, year round showrooms. And the corset business in those days was a very interesting business, because there's nothing more classic than the corset salesman, except, of course, the store corset buyers, who were characters in those days. And they certainly were dominant figures in their stores. Nobody dared contradict what the corset buyer did. So the relationship between our salesmen and our company and the suppliers was a very, very important one. Because nobody...no manufacturer had much brand strength with the consumer. It was entirely up to the store whether you got good sales or whether you didn't. You had no "sell through" power. The store controlled what was sold, and as you know there were far too many brands in the corset department. So the relationship with the corset buyer and our salesmen was a very important one. It was a very sort of personal type business in those days, and not very business like. But it's the way it was, and...

Q: Was most of the business done with department stores, or was some of it specialty stores, or any...?
A: It was with department stores and in those days, a lot of small corset shops. There were a lot of women, many of whom had been buyers in department stores, who had set themselves up. And, of course, there was a lot of fitting. There was a lot of fitting in those days. It was a very profitable business for the stores. It had been set up with a high initial markup. Higher initial markups than most departments, and the theory had always been that it required highly skilled people to fit these garments. All that's disappeared now. That doesn't exist. But in those days, there were long corselettes and there were heavy boned girdles that had to be carefully fitted. And we had quite a few women salesmen at the time, which is rather unusual.

Q: Who traveled?

A: Who traveled, and traveled around to the small tank towns and I can remember some of them they traveled to. There used to be a woman by the name of Helen Baer who traveled...I don't know. She traveled North Dakota and South Dakota and Idaho and hit all the small towns, and she was a remarkable person, and we had several people of that kind in those days. And we used to take the new lines out. The new lines would come out and there'd be an enormous number of new styles, and you would take them out and show them to the salesmen. You'd have a meeting in New York and a meeting in Chicago, in San Francisco, for the local sales force, and they'd always...The salesmen would always want to redesign the line. Whatever you showed them wasn't any good. And so you'd have a marvelous argument with a salesman about...It used to be...When I first went with the company, it used to drive me crazy because it didn't seem to be a very businesslike way of doing business. And I used to
let the sales force redesign the line, because the salesman always wants to have...What he wants in his line is what was successful in his competitor's line last year. Whatever the competitor sold well in his line a year ago, he wants in his line, and, of course, you can't do things that way. And you introduce something new, and the last person in the world that is going to accept anything new is the salesman.

Q: How many designers did you have then? Do you remember?
A: We probably had about 6-8 designers.
Q: Did you?
A: Yes. We put out a big line. A big line. A lot of different stuff. And, of course, there was great emphasis on fashion rightness. After the war, when I got involved in the business, I did a lot of different jobs, from being Treasurer and being Advertising Manager, and being Sales Manager, and doing a lot of different things. But basically it was a small company in which you did everything. You had titles...Because my father ran it, he would just as soon...I mean, I might be Treasurer that particular year, but if there was a problem with an account, if there was a problem with Macy's down in New York, he might call me up and say, "Go down and straighten this out at Macy's," even though I had nothing to do with the sales department at that particular time. So everybody did everything.

Q: Well, it's interesting, because you became....You were able to become a generalist, because you had had the specialist exposure.

A: Yes. Having spent 10 years of my life in journalism, fortunately, my father made me take courses in accounting and banking in college,
so when I did get involved in business, it was lucky that I knew something about that. At least I could understand double entry bookkeeping. But the company moved on, and those were the years after the war. When my father took over, in the '30s, the '40s and the '50s were the years where Warner's developed its reputation as a fashion leader in the business, and that story's pretty well told.

Q: Well, I know it's been told in this book, which would at some point be an awfully good reference book for F.I.T. to have, for the future and the past of the Warner Brothers' company. It is told in some detail, but I think it would be interesting to hear your point of view too. For example, your stress on fashion. How was fashion really looked for? Were there services? What exposure did the designers have to fashion?

A: What we tried to do...The company had never been deeply involved in fashion, although they had tied up...In the '30s, I guess it was, they had tied up with a French, a couture designer, by the name of Redfern, and they had a Redfern line that was supposedly designed by our designers. There was a Mrs. Cromwell in those days, who was sort of head designer, and she worked with Mr. Redfern, as I understand it. I was not with the company at the time. But after the war, we...Warner's had...The problem that we faced, and when I got involved in the marketing of this company, working for my father, was that Warner's was considered old fashioned. In the stores, its reputation in the stores was that it was a good, solid company that made a good product, but that it was old fashioned. It was...It tended to be sold to elderly women, and one thing and another, and was not something that the
younger people... And after the war there became more and more emphasis on youth. So we who were young in the company felt that we had to do something about changing the image of Warner's, and we struggled with that for many years. I think it took us 20 years or more perhaps to change. You know as well as I that when a company gets a certain image, it's very, very hard to change it.

We took the avenue of fashion as being probably the best way we could do it, and as a result we hired a series of fashion coordinators, I guess you'd call them, who were a combination of people who would try to get us involved in the fashion world, and also help the designers to design particular products around what was going to happen. We could always send our designers to Paris, our fashion coordinator to Paris, with the idea of buying this or that or seeing this or that, and coming up with ideas of how we could make an undergarment that would be related to the particular fashion of the time. In fact, at that time, Paris was the fashion leader and we thought we could... And then we had our fashion shows at the Astor, where we'd coordinate outerwear with innerwear—We were one of the leaders in doing that, and showing a dress from Paris and then showing the proper undergarment that would go with that fashion. We did motion pictures, we got into television in the early days. We tried to work on this image, and with a series of fashion coordinators.

Q: When you say "early days," you mean...

A: I mean after the war. Now I'm talking about the late '40s and the '50s and early '60s, in that period, when my father was still running the company. But actually a fellow by the name of Henry Coogan and I...
were probably more responsible than anybody else for this movement. He was head of our merchandising department at the time, and he was a college classmate of mine, and I'd known him for a long time, and he and I came...I got him the job in the company originally, and he was a very bright fellow. Unfortunately, he died young.

But he and I worked on this angle of the business. My father accepted it with some reluctance. He was not entirely sure that this fashion emphasis was the way to go, but he had to admit that the old way, which was a good solid way, had no real future. Anyway, out of this came some of the products that you see in there. For instance, the Merry Widow; what we call the Merry Widow, came out of that. We were the first to develop that. That was developed definitely and directly out of watching the Paris fashions of that particular time.

Q: That was a strapless bracelette.

A: It was a strapless with a waist nipper, strapless bra, waist nipper, and a garter belt, is what it was.

Q: But it was a one unit garment.

A: It was a one unit garment. A strapless bra, a waist nipper and a garter belt. And I remember my father when...A designer by the name of SophieLabue...

Q: How do you spell "Labue"?

A: L-a-b-u-e...designed it from the...Actually, it was Paris of that time. We brought it here, and we said, "Make a garment that will go with the strapless dresses." So she designed this thing. And there was a movie.
It was a remake of "The Merry Widow". At that particular time, it was being shown around, and it was obviously... It looked like the Merry Widow, so we named it The Merry Widow. And my father looked at it and said, "What's this damn thing?" And he said, "Well, I'll tell you. You can cut 100 dozen. No more." And, of course, the thing swept the country, and he went away....To show how much control he had... He went away on some kind of a trip, a vacation or whatever--I forget where he was--And the orders started coming in, and we wanted to cut more, but we didn't have the authority to cut any more, so we had to call him or wire him and plead with him by long distance telephone in order to cut more. And he reluctantly... So we didn't.... Unfortunately we didn't deliver as many as we should have. Our competitors..... As soon as they...You know, there's nothing private... Within a year everybody was...

Q: That was one of the greatest intimate apparel products that I remember.

A: So that was one of them that came along in that period. And it was developed out of our association with the fashion industry. Another was the cinch, which was simply nothing but something to pull in the waist. And other things that came along in those days. We also... In trying to change this image, we changed our advertising agency, and they had had a family retainer on the advertising for a thousand years, and the advertising... The advertising... The way they'd do it was they'd take a picture of a woman in a girdle and then, to the extent that they didn't like the picture, they would draw in the outlines of the girdle, so that every stitch of the girdle was visible, and the result was that it looked like the girl was in a strait jacket.
It was typical old fashioned corset advertising. And we decided to change that, again to try to make us more modern. And we went with a fellow by the name of Chester LaRoche, who was actually a family friend, too. He'd been President of Young & Rubicam, and he was a very astute advertising man. He had set up his own advertising agency. And we introduced the ads that you saw in there, which started with, "You ought to be hugged, not squeezed," and things of this kind. And it had a lot of effect in changing our image. The result was that our sales began to grow substantially, and we introduced research into the business. We checked our share of market, and we evaluated all the stores, and we tried to figure out what we were doing in each store and what share of market, and we developed promotion pieces to try to help move our goods through the stores and one thing or another. And so that by about 1958 or '59, we had the volume of the company up to around $20-22 million. My father was then... And I don't want to de-emphasize the importance that he played. He was a good disciplinarian, and made us prove everything that we were doing. And he was by then in his 70s, and in 1958 or '59, I became President, and then a year later the Chief Executive Officer of the company. At the time we were doing about $20-22 million.

Now, before I go on to the next stage, is there anything you want me to cover in that other period?

Q: We'll probably be coming back to some of it and making comparisons. But, after you had taken over, was that when you began to do a group of small collections by the designers whose names were known in other things? For example, in the early '60s, you did a small collection by Fernando
Sanchez.

A: Yes. That... Yes, was probably after... I don't think he would ever have allowed us to do that. He would never... He would go just so far, but he couldn't go any farther. And once we didn't have him to say no... (Maybe some of the things we did didn't work out so well, either.) We never did make any money with that Sanchez line. Fernando was a funny fellow, but he had a lot of talent. So we did a lot of things. But that was probably after we'd gotten into the lingerie business.

Q: I was just coming to that....

A: We were solidly in bras and girdles. Except for this small packaging business we had on the side. Every now and then we would say to my father, 'We really ought to coordinate what we're doing with lingerie,' and we would be told that back in the '20s the company went into lingerie and lost its shirt. We weren't about to do that again, so we never did get into the lingerie business at that time. But a year or so after we took over, when my father was still there, he was Chairman of the Board, but he was no longer the Chief Executive Officer. He still came into the office, and if he didn't like what we were doing we would hear from him....

Q: I'm sorry--is the 'we' an editorial 'we,' or...

A: I would say a group of us that were running it. Henry and I and a fellow by the name of Moriarty who was our Sales Manager, and a fellow by the name of Farwell who was our Production Manager. We were all about the same age. Father had hired us all, and it was a group that was running... And when I say 'we,' I mean it was all of us together. But we realized
one thing. And that was that in the apparel business, the larger you got, if you were dependent on one product, you were in a very dangerously exposed position. And technological changes, fashion changes, could seriously affect the girdle and bra business. We could see the disappearance, the long term disappearance of the girdle. We could see the long term disappearance of what we called corselettes. We could see the whole thing evolving into an almost entirely different product. And it would possibly be more attuned to fashion; certainly be more attuned to lingerie, to color, to looks, and everything changing. Various of our competitors were taking certain steps. One of our largest competitors was the Formfit Company in Chicago, and they had just sold out to Genesco.

Q: Oh. That's Formfit Rogers. I didn't know they were....
A: Formfit was the Formfit Company, and they sold out to Genesco, and then Genesco bought the Rogers lingerie company and merged it with Formfit to make a coordinated piece. We coordinated for a couple of years with the Vanity Fair Company, because they were the leading fashion company in lingerie, and we thought we were the leading fashion company in the girdle and bra industry. So they...This is before they went into the girdle and bra business. We coordinated with them on colors and...It didn't really work very well because we had two independent minded managements that didn't believe that the other one...

Q: One of them was Mr. Lee?
A: Oh, yes. So...There was Mr. Lee...What was the man who came ahead of...Barbey. There was a fellow by the name of Barbey at that time.
Q: B-a-r-b...?

A: I think it was...I'm not sure I have that correct, but I think it was something like Barbey, who was Whitey Lee's predecessor at Vanity Fair. So we coordinated with them, but it didn't work very well, because they never had what we wanted and we never had what they wanted, and so forth and so on. So we faced a...We decided that...I ran the company by then. Another problem that we had, we were now into the third, we were now getting into the fourth generation; and a family company in the fourth generation finds itself with 100 or more family stockholders, spread out, and we no longer managed it, no longer had real control. They could...Maybe the management only owned 5-10% of the stock, and there were all these Warner family members not active in the business, all over the country, who wanted their dividends and wanted a market for their stock. So we faced the problem...

Q: Excuse me. Was this an over-the-counter security?

A: It was nothing. They had no market. See, let's say we had 100 stockholders, no market. Every time somebody would die, there would be an argument with the IRS as to what the stock was worth, and we'd say it was worth $1 and the IRS would say it was worth $10, and there was no market to judge it by. So the inactive family members wanted to establish a market where they could sell their stock. So we had several steps to make. We could sell out, we could diversify. But we made a fundamental decision, to take the company public and to diversify, and to go into...become a diversified apparel company. I remember talking to banks...This was a decision that my father was not very much enthused about, but the Board of Directors went along with us, and voted it and gave us support. I remember talking to bankers and so forth at the time.
And they thought we were crazy to try to do this.

Anyway, it started out, and that's where we began to evolve from the Warner Brothers Company, a single product company, into a company which is as diversified as we are today. It wasn't very... And we also did the things you mentioned. We went into the... The first thing we did was to go into the lingerie business. We bought a small lingerie company called "Laros," and...

Q: Spelled?
A: L-a-r-o-s. We bought a small company called Laros, which was not a success particularly. It was not terribly well managed. We tried to buy Vanity Fair. That was our first... We started right at the top. We said, "We'll buy the best company in the business." And we went to Vanity Fair, which at that time... They're now bigger than we are. But we went to them and said, "Why don't we merge these two companies? As long as we can't coordinate, let's merge them." It would have been a very good company. But they weren't interested. So we then moved down the line and we tried to buy the Rogers Company that you mentioned. But at the last minute Genesco made a bigger offer than we could afford. We ended up with a small company called Laros, and we coordinated that with the Warner girdle and bra line, in colors and one thing or another, with moderate success. We went and tied in with Fernando Sanchez, we bought some lingerie lines over in Europe; we tried all kinds of... That was the day of real experimentation, in what we were trying to do with a degree of success. We at least kept the Warner... And then we eventually dropped the Laros name and made lingerie under Warner's name,
but then dropped the lingerie and only recently we came back into that.

Our first major move was to acquire the Hathaway Shirt Company.

Q: Still under the Warner name?
A: This is still Warner Brothers Company. And when we acquired Hathaway (this was our first move outside of the intimate apparel business), it was quite a move, into the menswear field. That was our first acquisition. At the time...

Q: That was about...?
Q: Somewhere around there, yes.
A: I haven't really reviewed...Around 1961. Time Magazine ran a little piece on it and they said...It was to the effect that The Merry Widow made a marriage with the man in the eye patch. It was a very cute little article. But that started our major diversification program, which continued on all through the sixties until the middle seventies. My father remained Chairman of the Board for a number of years, and...

Q: I'm sorry. It was 1961.
A: 1961. That was our first real move into becoming a diversified company.

Q: At this point, you were still not on the Exchange, and you were still not...
A: I think we went on the Exchange about a year later. In '62 or 1963, we went on the New York Stock Exchange, and we had meanwhile sold
additional shares. And then we issued a lot more shares. You see, whenever we acquired a company, we usually did it by issuing shares of stock.

[Side 2]

A: And we basically used our... We went on the New York Stock Exchange, and therefore we had a tangible value.

Q: Still as Warner's. Or did you now change?

A: I forget exactly when we became Warnaco, but I think it was probably not until around 1967 or '68. We made a lot of... I think it was probably around the time we got involved with White Stag. We made several moves. But, of course, the key moves were our acquisition of the Puritan Sportswear Company, which was a large... Well, the Hathaway Company first, and actually, Hathaway was an older company than the Warner Brother's Company. Hathaway had started making shirts... Mr. Hathaway had started making shirts in Waterville, Maine back in the 1830s, so it was 30-40 years. It is the oldest, I believe, of the existing shirt companies in the country. And it had gone through various eras of prosperity and problems. It had gone through several ownerships. A fellow by the name of Ellerton Jetty owned it. A very interesting fellow. And we got it, not directly from him, but through a company in Baltimore that he sold it to, and they resold it to us.

Q: What happened when you made that kind of acquisition? Did you merge your management teams?

A: In the beginning, that was one of the... That's... You know, there's so much that we could talk about about this... The change of the
structure of management. Running a one product company and running a diversified company requires an entirely different type of manager. An entirely different type of manager, because when you have more than one product, you can't run those products. You have to run them through people. So when we first acquired Hathaway, we ran them directly with the same management. But after we got into Puritan, we realized that we had to set up a corporate group, so we separated our corporate management from the division management. We set up a division. This Henry Coogan that I'm talking about became President of the Warner's division. I became President of the corporate group, and he became... He ran Warner's. And, of course, we had Ellerton Jetty and the Hathaway group running that, and we had the Teitelman family running the Puritan Sportswear. So we gradually evolved a system of corporate structure, and then individual Presidents of the divisions, which continues, really, to this day. Jim Walker is now the Chief Executive Officer, and then we have six or seven individual divisions run by their own division presidents. I won't go through all the different things that we did in the '60s and '70s. Some of the main ones were, of course, our development of our international business. This was...

Q: A licensing business, or selling direct to...

A: Mostly selling direct. We have some licensing, but mostly we have our own company manufacturing, and a big Canadian operation and a big Mexican operation and an operation in England. We had an operation in Belgium, but we moved that plant over to England, Scotland, and then went into licensing. We developed that in the '60s and '70s. We...One thing we failed to do...I wanted
to develop an American sportswear type company in Europe, and I spent many years working on this. It was one of my great frustrations that I never could do it. I thought it would be enormously successful if we could do it, but we were never able to find the right partner, and we had to have the right partner to do it.

Anyway. We did develop a successful international business. The major acquisitions became large companies in their own stead. I mentioned Hathaway and Puritan and White Stag. We wanted to get into the women's sportswear business and the skiwear business...

Q: Was White Stag a giant business already, when you acquired it?
A: It was about a $30 million business when we acquired it. It is now perhaps a $120 million business. It's a big business. Hathaway was perhaps a $10-15 million business and it's $110 million today. Puritan was larger, $30-40 million, and it's about $100 million today. We had some...We bought Jerry Silverman.

Q: Which was a much smaller company.
A: A much smaller company. We thought, in buying Jerry, that we would be closer to the fashion business. We didn't ever expect to make a lot of money or to have Jerry Silverman become a big business, but we thought some of his fashion knowledge and expertise would sort of influence and rub off on some of the other businesses. It didn't really work that way. We never lost any money with Jerry, but the current management, after I retired, was just not interested in that small a business, so they disposed of Jerry. It was simply that they didn't feel that a $10 million business was worth...
worrying about. And this is how times have changed. Then the whole business was $6 million, and now they feel that $10 million isn't worth worrying about.

Q: What about your retail ventures? What was the idea behind that?

A: Well, again, the idea was that if we got into retailing, we would be able to have more of an insight into what was going on among the consumers. You might as well know, that my reputation in this company is that I built the company, but that I expanded too far and too fast, and that we got the company....We went too far and too fast, and we got into some businesses that were not too profitable. And when I went out as Chief Executive Officer in 1976, they took a lot of the businesses that I had introduced and they got rid of a lot of them. One of those failures was the retail business. We did not do well with it.

Q: Not with Frost Brothers either?

A: No. There was a group of stores--Gus Mayer stores and those--they were high quality, expensive specialty stores. I don't think they were very well managed, and we didn't have enough expertise at corporate headquarters to really...We were not retailers. It was a mistake, quite honestly. But in building a company as fast as we did, and building a major diversified apparel company, I still maintain that you're bound to make some mistakes. And one of our mistakes was that. Another mistake we made was going into the hosiery business. We at one point went into a hosiery company and we didn't do very well in that. So the retailing, and the hosiery! And we went into a mill operation
where we were trying to make some of our own supplies. We went both ways; into retailing, and the other way into the mill operation. And both of these were unsuccessful. Meanwhile, our major acquisitions progressed very well and the company grew each year. And overall, I think, obviously, a strong company was built out of it.

Meanwhile we had to protect Warner's, and I think we've done that very well. Today Warner's remains as one of the largest and best, I think. It probably has the outstanding reputation with the major department and specialty stores. It's the backbone of most of their...what's left of the girdle business. There's very little girdle business. It's basically, today, a bra and bikini business, coordinating with daytime lingerie. That's the business today.

Q: Now has the firm gone into the daytime lingerie business?
A: Yes, it had been. Today...It's had to. We were just talking about that in the Board meeting now. I asked them, I said, "Are we in the daytime lingerie business for good, or are we in it to go out again?" And they said, "Oh, no. We've got to be in it now. The question now is whether we should go into sleepwear." We're not in sleepwear and that sort of thing. Whether they'll do it or not I don't know, but at the moment, you have to be in it. Whatever you've got in the way of lace, for instance, on your bras or bikinis, you have to have in your slips and...Yes, we're in the daywear business today.

I think there's less fashion in the Warner line today, more influence on...In the old days, we used to produce a whole line of new
styles. Today, the emphasis has shifted in that business to a marketing concept. It's a whole technique today of how to market; how to market your product through the store. Where we used to introduce 20 new styles, a season, today they'll introduce one new bra. That's their only new style. And they'll make thousands and thousands of dozens of that and market it through their advertising and so forth through the stores. They'll control inventories in the stores and work with the stores on reorders and... It's a whole business today of coordinating with the stores and working through the stores. So the marketing... It's interesting to me... The marketing of these different products within the apparel business is so different. Obviously, when you're dealing with the fashion business, it's a once-around-time, where you make a fashion line and that's it.

Fundamentally, the company's policy today is not to be a fashion leader. To be right with fashion, but to let somebody else be the fashion leader. To be marketing experts, who make a good quality...

Q: Medium priced.

A: Well, medium to higher priced, basic merchandise, without getting... They think that I got too far... Quite honestly if you talk to Walker, and hear how his philosophy differs from mine, he will tell you that he thinks I got too far over into the fashion area, that I was too much influenced by ephemeral fashions; that I tried to establish...

In a company I tried to establish in the women's contemporary sportswear field, we did a good line, good work in designing, but we didn't do a very good job in supplying quality products on time, and so forth. So, I think that
he's right in a sense. Today, he doesn't want to be on the cutting edge of fashion.

Q: It sounds like a packaged goods concept.
A: It is much more a packaged goods... Although some of it's packaged and some of it isn't...

Q: Packaged goods, a la Proctor & Gamble type...
A: In the Warner division, they make relatively few styles today, compared with what we used to make. They package their goods, and they work with the stores where they set up a basic stock, and our salesmen go in and take the stock and replenish it, and the stores are supposed to order it as they sell it. So buyers have somewhat less control. Salesman work more with the merchandiser than they do with the buyer. The buyer has far less authority today than she did 20 years ago, when we were making a big line. The buyer would select from the line what she liked, and each buyer would select something different. Today it's one or two styles, and you just funnel them through the stores.

Q: And you count heavily on reorders.
A: Oh, yes. It's a complete reorder business. So it's changed.

Q: Yes. What about production? Is any of your production off-shore today?
A: A lot of it. It depends on the particular division. Let's take first whether we make it ourselves or whether we contract it. In the Warner's division...

Q: Let's stay with the Warner's division.
A: In the Warner's division, we still do all of our own production ourselves because the bra business is the most difficult manufacturing process; small tolerances make all the difference in the fit of the bra. Where in a slip or some sort of a sportswear, women's sportswear item, a 1/16 of an inch might not make that much difference, it makes a lot of difference in a bra. So we've never been able to use contractors. However, we do have plants that make the Warner product...Well, we have them in Puerto Rico, Mexico, Guatemala and all through the Caribbean, where we cut the styles—the cutting is the...

Q: Down there.

A: No. We cut in this country because that's the tricky part of it, is getting it cut right. We cut the styles and then we send them overseas for labor—sewing—and then we bring them back, and we pay only the duty on the labor added.

Q: So the designing is done in New York.

A: The designing is done...In the Warner's division, the designing is done in Bridgeport.

Q: Oh. In Bridgeport.

A: We have no production facilities in Bridgeport anymore. We moved all of that out some 15 years ago. But the designing is done there; the cutting is done down South, in our Southern plants, like in Thomasville, Georgia and plants like that. And then some of it's made in the South, and then some cut sections are shipped to Mexico, or shipped to Guatemala or shipped to Puerto Rico. That's the way Warner's...
Q: And then everything comes back to a distribution center, which is where?

A: In Stratford, Connecticut. There is one distribution center in Stratford, Connecticut for Warner's.

Q: Is all your data processing and...

A: Our data processing for the whole company is in Bridgeport. Not just for...

Q: Not just for Warner's. How about the corporate headquarters...

...The corporate headquarters acts for the garnering of all kinds of information and...

A: That's right. We have small computer operations in the various headquarters of the various divisions, but the nerve center is in Bridgeport. And, as you know, the computers today control almost everything you do, so we simply have a computer center in Bridgeport that keeps track of everything. Warner's makes all of its own product. Some of our other divisions make practically none of their own product...

Q: This interview continues on April 8th, and John Field is discussing product and production.

A: The decisions about where and how to make product depends really on two factors, important factors. One is, obviously, the cost of the factor of the product. The other, obviously, is the difficulty of making the product. The reason that Warner's makes all of its own product is that the tolerances in the bra business are very important, small and important, and they have to be made very accurately. And so we feel that

-30-
we can do a much better job if all of our producing units are under our own management. Those producing units are scattered in many places. They're in this country, but they're also in Mexico and in the Caribbean and so forth, but they are all under the direct management of the division. For some of the other units, where the manufacturing process is not so delicate, shall we say, or difficult, we can use contractors, and in this case, we can buy the product in the Far East and bring it in. We have established our own offices and people in various parts of the world who certify and approve production. Certain contract operations in our divisions are required to go through these corporate offices in order to...They can't just use any contractor, for instance, in Hong Kong or Korea. They have to use ones that are approved by our people out there, and our people out there can watch the quality and make sure that the product comes in on time and so forth. We went through a period, early, where every division went overseas and tried to get their products, and the result was chaos. Everybody has to pay their initiation fees when they go to the Far East, and to send a neophyte out to the Far East is a very dangerous thing to do. So today we require the divisions to work with the established people there. It's sort of like department store buyers going overseas. The big chains all have their own offices and the buyers have to work through the local people. So, those two factors work together in decisions, as to where to make a product. We don't...except for our own plants, and even here we hesitate to own plants; we don't own plants in the Far East or Eastern Europe or England, or any... most places...
because the advantage of buying in one place may shift next year. It may be advantageous to do it one place this year, and some other place next year. So we look at the whole world as a place to buy products. We may buy in one place one year and another place another year, and always we're looking at how the United States competes with that. Certain products are much better made here in the States. Others can be made more advantageously overseas.

Q: Now you're referring here just to Warner's?
A: No, all of them. A knitting operation...The Puritan full fashion knitwear operation, men's sweaters--We can make that more efficiently and with better quality and less expensively here in the States than we can overseas. On the other hand, certain of the cut-and-sewn sweaters, and certain things with high detail are much better made overseas.

Q: Would the decision on that, for example, be made by the management person in the Puritan division, or do you have somebody who is perhaps on the corporate staff, who is knowledgeable about Moriches vs. Sri Lanka?
A: It would be made in a joint decision, but the final decision would rest with the division, because that's where we believe the responsibility is, and the corporate group would help with that decision; offer advice. But the basic decision would be made by the division, not by the corporation. I don't know whether that's enough on the product...

Q: Well, I think that is...It's a very interesting question. Obviously, production is one of the major aspects of your business, as it is of any other business, in the manufacturing area. And there is such a lot going
on in the world, in the American world, with regard to where our production is handled, that it is interesting to know what percentage of merchandise is made here.

A: We've never taken an active role in fighting for high tariffs or restrictions on imports. Our company never has. Now, this puts us at quite at odds with a lot of our competitors, and particularly with the textile manufacturers. We basically believe in free trade, and we basically believe we can operate our business on a worldwide basis so that we will make what we can make most efficiently here, and we will buy wherever we can buy.

Q: Or have it made. When you say "buy"...

A: When I say buy, we buy a completed product, but where we have it made, we supervise it, and we supervise it very closely. We'll have our own people visiting the plants. It's just like Jerry Silverman here in New York. He's been working...He doesn't have any of his own manufacturing, but he's been working so closely with a group of manufacturers...

Q: Contractors.

A: For so long that they know him and he knows them, and so he knows perfectly well what each one of them is capable of. And we've developed the same thing on a worldwide basis.

Q: When you talk, incidentally, about worldwide--Have you made any effort at exporting? Has this been part of your thinking at all?

A: Very little exporting. We've tried it from time to time, but we've not been very successful at exporting. We have developed companies overseas. We have...Warner's has been particularly successful at this. Warner's
developed a company, has developed a company in Europe so that Warner's has become an important part of the intimate apparel market in Britain and France, particularly. And in those countries we have had our own plants and we do our own manufacturing.

Q: For local consumption.

A: For the local people. For the English market, for the French market, and the Belgian market, particularly. Some of the other countries in Warner's (I'm now talking Warner's)...

Q: Is this the licensing...

A: This is not licensing. In some places... I'm going to come to that. In France and Belgium and England and Canada, Mexico--those countries--we own the companies. They're our companies. We, Warner's, owns them, and they manufacture only Warner's products. They distribute them themselves, they're 100% subsidiaries, and we have our own plants in those countries. In many other countries of the world--Spain, Italy, Germany, South American countries, Japan--those countries, we operate on a license basis. But one of the things that's interesting with Warner's, that did develop in the '60s and '70s, was that as we did develop this international business, once a year we would have a meeting of all the licensees and all the subsidiary companies and each company would bring to this meeting their outstanding styles. Because, you see, in that business (and I'm sure it's true of most apparel businesses), what's successful in one country will not necessarily be successful in another. We develop styles here, for the American market, but... And the whole world, our own companies and the licensing companies, have access to all of those styles
and patterns and they make the decision as to whether to use them or not, in their particular markets. In turn, they develop styles of their own, which they use in their market, and they can offer it to all the rest of them. And one of the reasons that I think Warner's has done quite well over the last few years is that there is an exchange and communication of ideas, developed from all countries all over the world. They will get together, the people who run each of these divisions, with their key merchandisers or designers, once a year, and they will have, in effect, a fashion show. Each company, licensing company or our own company, will show their outstanding products. And if any one of the other companies, anyplace, wants to pick a particular style, then they'll give them the patterns and so forth to do it.

Q: How many people participate in this?

A: Well, in a meeting of that kind, we probably have 20 countries, 20-25 countries, so let's say 2-3 from each country, so you're really probably talking about 75 people in such a meeting. And it's contributed... And we hold it in various places. One year we'll hold it in Belgium. One year we'll hold it down in South America. One year we'll hold it in Japan. We've held it in various places. Obviously, our licenses, our licensees, do better in some countries than they do in others. We have a very good licensee, for instance, in Spain, and we've had our meeting down there, in Spain. But whoever, whatever country it's in, they're the host for that meeting. The bills are paid mostly by America, but they're the host anyway. That's been very successful, and I think it's helped Warner's a lot.

Q: What month of the year is that apt to be held in?
A: It's usually held in the spring, if I remember correctly. I haven't been to one in three or four years, but they're usually held in May, about that time of the year, and it would involve the basic designing for the next year's line. If it's held in May, why that gives them time--April or May--to get home and get their patterns developed and present for the spring line for next year.

Q: And to review what has been.

A: And to review what has been selling. They all bring their best sellers. That's the most important thing. "This is our best selling..." It's interesting how they vary from country to country.

Q: Do you have licensees in Holland, for example, a very conservative kind of country?

A: Yes. But...It's funny how countries work together. The Dutch work with the Germans. What's successful in Germany would be successful in Holland. What's successful in France would be successful in Belgium.

Q: That is interesting, yes.

A: What's successful in Belgium will not necessarily...Probably won't be successful in Holland.

Q: Because Holland, in its apparel, is much...very conservative.

A: It's much more like the Germans. And yet, if you would say, fashion wise, that...You always think of the French as liking, let's say, lace while the Germans are rather stolid. It doesn't work that way. The Germans use a lot of flash, but it generally doesn't have the taste, or the finesse, or the subtlety of the French designs. And a lot of our very good designs have
come out of Italy.

Q: How long ago did this whole...?
A: Develop? It developed in the '60s. Up to that time, we did nothing. It developed...I will give Jim...a fellow by the name of Jim Gillies, who ran our international division...

Q: G-i-l-l-e-s. give him credit for developing this concept. He was in charge of our international business, and he really developed the concept. But it's not been followed...And maybe it's impractical for any of our other divisions. Because none of the other divisions have the licensing or the international business that Warner's has. There is something universal about the bra business and the girdle business--when there was girdle business--and the rest of the business is the dress business or the sportswear business. Those businesses. I think you could probably do it in sportswear, but somehow it hasn't been done. The other...I think one of the reasons is that Warner's is the only division that appointed, that set up a separate unit to develop their international business, and the rest of the divisions have always been so concerned with their American business, and you can't do a thing like this on the side. If you're going to develop an international business you've got to set up a separate unit, and a separate organization to do it.

Q: And develop some goals, I suppose.
A: You mentioned chain store business...or any other different market. We found that the one thing you can't do is expect somebody to develop
a new market away from their regular market and still concentrate on their regular market. Because the new market isn't going to get the attention.

Q: Or else the new market will get the attention and.....

A: Well, it doesn't seem to work that way. I haven't seen it work that way. I know for years we tried...You mentioned the chain business. Sears, Ward's and Penney's--I'm talking Warner's again, here. We tried to develop the business with Sears, Ward's and Penney's, and we really got no place. The trouble was that we had a unit that was selling to the department stores--it was selling Bloomingdale's and Lord & Taylor and Macy's--and we were expecting them, on the side, to sell Sears, Ward's and Penney's, and of course their hearts weren't in it, because any time they made any progress, they'd be jumped all over by their department store customers, so it got half hearted attention.

Q: So there was never a separate division set up.

A: So it wasn't a separate division. We were successful only when we set up a separate division, we put a Sales Manager in charge; we put designers in charge; and we went right to the point of making new products and, to the specifications of Sears, Ward and Penney's, which were different from our regular products. And we had a separate sales force and people that had to make success or failure out of their ability to develop those businesses. And in about 8-9 years, we developed a $20 million business with those three stores, starting...

Q: During what period?

A: This was in the '60s. And it was done...The person that did
it was Phil Lamoureux, who later became...

Q: I'm sorry. Would you spell his last name?
A: L-a-m-o-u-r-e-u-x, and who later became President of

the corporate company. He developed the Sears, Ward and Penney business
for Warner's; then he became President of Warner's, and he moved from that
to President of Warnaco. But he made his big impression, and establis-
lished his reputation in the company by the development of the business with...

And interestingly enough, selling to those chain stores is an entirely differ-
ent business than selling to the department stores. You develop a line for
the department stores, and you take a product in to them and you tell them
that this product is going to cost so much, and your suggested retail is this
and that, and you give them a reason why you want to sell that product. With
Sears, Ward and Penney, you didn't work that way. You went in and looked at
their line and discovered where there were holes in their line...

Q: In their line of...
A: Of bras and girdles. Where they needed a particular type
of product or style at a particular price. Then you would go back and design
it. And the reason Phil was successful in negotiating with them is that he
came out of Production; he came out of Production
rather than coming out of Sales. So when he sat down with Sears, he knew how
much something would cost to make, and he knew how he could negotiate with them
on price. Because he knew exactly how far he could go and still make money on
it. So dealing with them is an entirely different business than dealing with
Bloomingdale's.

-39-
Q: Right. Incidentally, when you mentioned the word negotiation, I don't think we covered, or at least I don't recall if we did, anything having to do with the unions. Is this a unionized operation?

A: We have some unions. We don't have any unions in the Warner operation. We have some...We have unions in some of our menswear operations. But we don't have any unions in the...We used to have a union. We used to have many years ago, a small union, the Corset & Brassiere Workers of America, an AFL union. We had a little union argument, where the District #50, here in New York, which is the taxi union, came up...And the AFL made a mistake. They said the Corset & Brassiere Workers was too much of a company union, so they expected to turn it over to Mr. Dubinsky's Ladies Garment Worker's union.

Q: The ILGWU.

A: That's what the AFL wanted to have happen. But what happened (and we stayed out of it) was that Mr. Dubinsky sent some organizers up to try to sign up the girls... District #50, the taxi union, which was a part of the United Mine Workers, sent organizers up, and our girls liked the organizers from District #50 better than they did the organizers from ILGWU, so they all signed up with District #50.

And then we had a little problem, because the people in District #50 didn't know one end of the sewing machine from the other. And in some ways it would have been a lot easier to work with the ILGWU, but the girls didn't want that. But that all ended when we closed production in Bridgeport--this was the Bridgeport plant--and when we finally closed production, 15
years ago, the union went with it, and the rest of our plants have never been organized. We do have unions in the menswear divisions, but not Warner's.

Q: Right. Could you touch on the matter of private label? Warner's has strong brand identification and I don't know if private label...

A: The largest place for a private label is in our Sears-Ward's-Penney divisions. We make all of that under their names. We don't use Warner's name in those stores at all. We don't make any other private label, except we have, on relatively few occasions, and still today, in the Hathaway brand. We will use a...For instance, Saks Fifth Avenue, will sell Hathaway shirts, and we don't put the Hathaway label in; just the Saks Fifth Avenue. But we still have...We still have a little H, a little red H, which is always a symbol we've used for Hathaway. And...Right in the shirttail, and if you buy a shirt from Saks that is a Hathaway shirt, you can find the H...

Q: Logo.

A: So...anybody who knows a Hathaway shirt can pick it out, even at Saks. So we've done a limited business of that kind. But we've not been engaged very much in private label. Maybe we should do more, but it's a tricky business and you don't...Except for when you've got a big volume purchaser, like Penney's, it's awfully hard to make enough volume to...

We talked about fashion. Let's talk about fashion a minute.

Q: I would like to. All right.

A: I'm accused, as I said when we last talked, of going overboard on fashion. And there's some truth in that, and there's a little different philosophy today. I always had the feeling that it was a good thing for the
company to be on the leading edge of fashion in certain divisions. And we tried to start... We would try to start up businesses in... Let's take contemporary sportswear. You probably remember, back in the early '70s, how the big rage was contemporary sportswear, and a lot of companies, new women's sportswear companies, came on the market and did very, very well very quickly. And they had exaggerated ideas about what their company was worth, because they'd just start a company and they'd be doing $10 million in four or five years, and they'd think that the company was worth $30-40 million. And, of course, it wasn't. And we figured maybe we could start up... We could start up companies from scratch, just the way they had done it, if we got the right designer and the right merchandiser and had the financial controls. We tried this and we were successful in some cases, but we were not successful in others. One of the reasons we had difficulty as a company in the middle '70s was that some of those startup businesses went sour, and we made one serious mistake with them, and I think the current people are also starting up businesses, but there's a fundamental difference in what they're doing. They learned by our mistakes, and the difference is this: That we set up an entirely separate organization, with its own management, its own financial controls, and set it up as a separate business. We ran into the problem that in too many cases, an entrepreneur who was a very good merchandiser, a very good fashion man or woman, was... had a tremendous ego, usually, and was not responsive to financial controls, and they were often carried away with their ideas, carried away... And the more successful they became, usually the more money we lost. Because they would be carried away with... They would
design something and it would be...the buyers would love it. And we'd be swamped with orders, but the details, the hard, nutty details about getting it produced, according to the samples, getting it produced on time, getting it produced in the quality--this is hard work. And you've got to be, you've got to have a production manager and you've got to have a financial manager that has control. And often we'd have a conflict between the entrepreneur who was building the business and somebody we would try to put in, and because the boss was the entrepreneur we would end up with...What would happen...We'd get a lot of critical acclaim, but we wouldn't deliver on time and we wouldn't deliver in quality, and by the time we did deliver it was late, and so we would have nothing but markdowns. Now, what they have done...I think they've done...

Q: Excuse me. You're referring to a specific company that you started....

A: I'm thinking of several companies, but one in particular.

Q: Has it gone out? I mean, is there any reason why you couldn't name it?

A: Well, it was under the name of Hathaway....What did we call it? I'm thinking of one in particular that...It was a ladies sportswear...What did we call it? Hathaway's women's wear or something or other...I've got a mental block...But it was another company that we called Liz Carlton. Liz Carlson. Hathaway Patch is what I'm trying to say.

Q: Hathaway Patch is a women's....

A: It was a women's contemporary sportswear business. And...
Q: And Liz Carlson was separate from that.

A: Liz Carlson was separate from that. It was a company based out in California, that a fellow started for us. And there were two or three that went this course, and they had critical acclaim, but they ended up not delivering on time, and not delivering the quality, and we ended up with big markdowns. Now, what the current company has done (and they have started businesses, fashion businesses), is to start them within the existing divisions, and they have placed the responsibility for...They have started them within existing divisions, where established production controls and established financial controls existed, so that if they take an entrepreneur and have him develop, let's say, a Spalding, (we're developing a less expensive line of sportswear with Spalding), it's being placed in the Puritan division, so that the Puritan division financial people and the Puritan division...

[Tape 2/Side 1]

A: The Puritan production people and the Puritan financial people have control over certain basic things that go on in the business. Let's take the question of how much raw material you buy. One of these fellows (I'm thinking of one man in particular who will remain nameless; I'd rather not use his name), would go to Europe and we'd tell him he could only buy this and that, and he'd come back having brought four or five times what he was supposed to buy over there, and we didn't have the control on him. But now they do have controls on these fellows, because the number of production
units are set by the major division, so that the authority lies primarily in the development of the merchandise, the styling, and so forth, and the selling of it. But we...they have controls over it. Controls over the inventory and so forth.

Q: But that does mean that if something should develop into a really important item or group of items, it's possible that company can't respond quickly enough, if there have been limitations set on the amount to be bought.

A: It's not being put on by the corporate. It's all developed within a division. For instance, Warner's has developed a lingerie business in the last two or three years, quite successfully. It's not a big business, but it's quite a nice business, and they've developed it. They've developed it in that by...We didn't go out and start a new lingerie division. You see what I mean? We got a merchandiser, a designer, a salesman, but they operated within the controls of the Warner division, so that the Warner division had control over the size of their inventory and could correlate it with their sales and could keep things....

Q: But they're trying, really, to keep the risk factor as low as possible. I would think you would not find many fashion people who...

A: I understand that. And, you see, again, the concept has changed. See, I mentioned earlier that we thought that in certain cases we would like to be on the leading edge of fashion. This management today does not believe that. They don't want to be on the leading edge of fashion. They don't believe that's where the profit lies. The profit lies in being in the
second wave. They don't want....They have no ambition whatsoever to be a fashion leader.

Q: So they don't want to be at the beginning of a trend, they want to be at the peak of that trend.

A: They don't want to be a fashion leader. They want to produce quality merchandise in the higher price ranges. In other words, they want to have high priced, relatively high priced merchandise, quality merchandise, fashionable merchandise, but not the kind of merchandise that Women's Wear Daily would pick up or run pictures of. You haven't seen a picture of (a possible exception may be a bra or something), but you haven't seen a picture of a Warner product in the fashion magazines in six years. I doubt if you will again for six years. They don't want that. They would much rather...They've taken the license and they're producing Pringle sweaters.

Q: In one of the other divisions.

A: Right. They're in the Hathaway division. They're producing the Pringle's men's sweaters.

Q: So they are very, very basic, high priced...

A: High priced, In that case. At the moment we're bringing them in from Scotland. They're made in Scotland, and we bring them in, and we're basically marketing Pringle sweaters. But it's the type of product they like. But, certainly, it's not a fashion leader. So... they feel safer. And that's a change. In addition to changing the method of how they run these entrepreneurial businesses, they have changed their concept of where fashion fits in. They recognize that because of this, they do fall behind in certain
places. And fashion is a very powerful influence, and even though you're dealing with mass fashion, if a line develops a reputation for dullness, then you have trouble. And on a couple of occasions, our White-Stag division has developed that problem, and because it is in the sportswear business—which is a very lively business—we have to be careful that it doesn't tend to be dull. So when I say they want to be in the middle stream of fashion, they don't want to be dull, obviously, but they don't want to be fashion leaders either. And that's their concept. Wall Street seems to think that's great. But whether it's great or not, I don't...We'll see. Wall Street is afraid...The people running the company are much more financially oriented than I was, and they're much less interested in fashion. They're much less entrepreneurs, and so far they have been very successful and I have great respect for them.

Q: What happens when there is a major new cycle. For example, supposing...What happened at the time when women really stopped wearing girdles? Or stopped wearing structured bras.

A: Well, what we did--what we tried to do--and this was again, not successful, for an entirely different reason--We tried to...You may remember the real change came in with panty hose. Up to that time the girdle business had been a slowly declining business, but it wasn't dropping out. It had been changing in nature, getting lighter and lighter every year, and so forth. But still it was in existence, until the short skirts and the panty hose of the late sixties and early '70s came in. And that's when it really dropped. We decided that we would have to go into the hosiery business,
the panty hose business to take the place of the girdle business. So we went out and bought a company called "Beautiful Bryans" and another company...

Q: B-r-y-a-n?
A: B-r-y-a-n. Beautiful Bryans. The trouble was that there was no fashion, there's no fashion in hosiery, in volume hosiery. I always read about tricky hosiery and colors, and there's a limited fringe. But basic hosiery...My friend Gordon Hanes, for instance, is down at Hanes Hosiery; they've made basic hosiery for a thousand years. It's not a fashion business, it's a marketing business; it's a production-marketing business. It's a different business, and you have to have enormous volume to be successful. And we did not have that volume, and we didn't know the marketing business. The most successful thing at that time was Hanes l'Eggs, probably; That's done through enormous advertising and through selling every drugstore and discount house and...Wherever you can place one of those fixtures you place them. And that's a different business than we were accustomed to. So we didn't do very well with that. And fortunately, the bra business picked up enough in total volume to offset the girdle business, so Warner's continued to be very profitable. But it did require some introduction at that point of lingerie, because today, you've got to have a matching bikini, let's say, to a bra and you've got to have--or you should have--pants and so forth; you've got to bring the whole thing together today, in that market. So, while you don't have girdles, you do have pants and slips and bikinis to match your bras in sets. So the business has changed but it's still there. They're still in the intimate apparel departments, in the stores, and they're still profitable departments.

-48-
Q: You mentioned advertising, which of course Hanes does so much of. Now Warner's, as you pointed out, doesn't really appear very often editorially in the papers or magazines. What happens, what has happened historically, up to now, with advertising?

A: Well, again, there are different businesses within the apparel business. Today, the fashion part of the bra business is very unimportant. The bra business is a fundamental business and it's different from almost any other part of the apparel business. It's different in the sense that it's much more like the hosiery business. It's a basic product business. You go to most of the major manufacturers and even today, although it's changing, but even today, you'll find that their best selling styles have been in the line for 10-15 or more years. A woman buying a bra, we've always learned, doesn't do it in a holiday mood, the way she might go and buy a dress or a hat or buy sportswear. She's going because she feels she needs to...she has to get, quite honestly, the product. And she tends to go and buy...

Q: Maybe buy six at a time.

A: Yes. What she's worn before and she's happy with, if she's tried different things. So she goes and gets it done. This then means that the bra lends itself to advertising; it lends itself to displays; to self-service units in the stores. So you have...the job is basic...As I may have mentioned before, we used to produce a line of many styles, and now in a season we may bring out only one or two styles.

Q: One or two styles get to be difficult to advertise don't they?
A: And then we'll merchandise...The job is merchandising it through the stores, with advertising--limited in our case but as much as we can afford at Warner's, and Warner's uses far more advertising than any of our other divisions.

Q: Really.

A: Oh, yes. But because...Then we spend a lot of money putting fixtures in the stores...And we take all the stocks, you see. It's a different business. We go to a store...The Warner's business...You go to a store at the beginning of the season and you pick out six styles that that store's going to carry.

The girdle-bra buyer is relatively unimportant. She used to be very important; today she's relatively unimportant, because the deal was made with the management of the store. These...The buyer may agree with you on which styles they're going to carry. But fundamentally, you set it up that these are the styles and we will take the stock, we'll put the merchandise in with the units, display units, and however...And we will come in once every two weeks and take stock and write our own order, and automatically fill in.

Q: And you only merchandise it...

A: No, we don't own the merchandise.

Q: You don't.

A: The store owns the merchandise. In France, that's different. In France it's a different business, how you sell bras in France. There you buy space in the store....

Q: And in Japan too.

-50-
A: Yes. But you go into the big stores in Paris and you'll see booths with all the manufacturers. And you put your own girl in (It's like the cosmetic business). You put your own girl in and you put your own label on the merchandise, and as you sell it, the store simply takes a percentage of the gross.

Q: I didn't know it was as carefully defined as that.

A: Well, that's how it is. The store gets a percentage. And if you don't sell enough, then they take the space away from you.

Q: For about how many years has there been a merchandising relationship with the stores in this country?

A: In this country? Probably for about the last ten years. Up to that point there was a lot of fashion influence and the buyers decided what they wanted, and you designed special type styles for certain things, and there was a lot of selectivity. There is very little of that today. The job of our salesmen...A Warner salesman today is basically a fellow who merchandises the store. He puts his styles in there, he coordinates his ads, he coordinates the advertising. He goes in and takes stock, he gets the order, he services the...

Q: He's paid by Warner's.

A: He's paid by Warner's, but he's servicing the store. The whole pitch is on the profitability of your line. You go to the store management, you show them how much you've put in and what the turnover is, and how fast the turnover has been, and they look at it in comparison to your competitor; what was your markup compared to the competitor's markup, sustained
markup; what was the turn, in terms of the sales and so on. And the line that produces the best figures and the best profit for the store is the line that gets pushed by the store.

Q: Well, that's a very substantial difference from your relationship with the stores in years gone by, is it not?

A: Years ago, it was very different. And it's different in relation to a sportswear business. It isn't that way. But it is that way in men's shirts, men's white shirts, as an example. The Hathaway basic shirt line is merchandising exactly the same way as stores.

Q: What about specialty stores that specialize in lingerie and bras and girdles.

A: Pretty much the same.

Q: They do.

A: Pretty much the same. There may be some of them that are high priced fashion stores, still. There I can think of a few. But...I'll tell you who changed all this, was Playtex.

Q: Really.

A: Remember when Playtex came in? We ran into a very difficult period with Warner's in the late '60s. We were still sort of trying to be the fashion leader of the business--we were the fashion leader of the business--and they came in with big advertising, displays, lower markups than we had. But they...with one or two styles, and by their advertising, forced women into the stores. And the stores hated Playtex, because their markup
wasn't what they were accustomed to, in the department. And some stores, like the May Company...I remember the May Company throwing them out of the corset department. But they took them down and put them on the main floor, where they continued to sell. Well, all they did was lose the business in one department. And finally what happened, really, was not that they beat Playtex at its game, because Playtex beat them. But Playtex basically changed the nature of the whole business.

Q: You mean Playtex started the whole thing?

A: Today, whether it's Warner's or...We probably haven't gone as far as Playtex in that type of merchandising; we still retain a friendly relationship with the store, but it was an antagonistic relationship with Playtex and the store. But they didn't dare throw Playtex out because they were generating too much traffic. But whether it's Warner's or Maidenform or Bali--Today, Bali, one of our competitors, is owned by the Consolidated Food Company. This was the way they merchandised food. They've said that the bra business was the only part of the apparel business they'd have anything to do with, because they could merchandise the bra business the same way they merchandised their food business, in the grocery stores. They also today own Hanes, you see. So they merchandise their hosiery and their bras. They think bras can be merchandised the same way hosiery is. That's entirely different from the dress business.

Q: Yes, indeed it is. It certainly is. Could we talk a little bit about...Something you had touched on before. That is, the structure of the management...The change of management techniques, when you go from one product
or one company to several products or several divisions.

A: Well, that, of course, was some time ago now. But that was a hard learning process for us. Nobody had really done it in the apparel industry. The apparel industry was run by a group of entrepreneurs, basically, and nobody had gone the route of diversifying the way we were planning. Some people had sold out. In other words, they had sold their...If they had a sportswear company they sold out to a larger company. Oh, let's take David Crystal, for instance, who sold their company to General Mills. The Formfit Company, which was one of our competitors, sold themselves to Genesco. We didn't want to do that. We were faced with the fact that we thought that the girdle and bra business by itself was a very dangerous business. We could see that girdles, even back then, weren't going to last, were on a down trend. We were just left with the bra business, and that seemed to us dangerous. So we could have sold out, or we were going to have to diversify. But, it was a hard thing even to get people in our own company to understand what happened. And gradually, for a while, you try to run the girdle and bra business, and the acquired Hathaway shirts (that was the beginning). Now those are two entirely different businesses, and for a while I tried to be...to continue to run Warner's on a day to day basis, and supervise Hathaway. And after about a year or two...And then we acquired Puritan, another men's business. And then White Stag...It became obvious that I couldn't run Warner's and these other businesses too. So it required an entirely different concept of management. And I say that today a man--or a woman--who can run a specialized business in a particular product that he or she knows very well, requires talent; but running a diversified company is
entirely different. And we solved this problem by actually physically moving. And we could never establish it with our own people, until we physically took our corporate group out of the Warner's offices and moved them across the street.

Q: In Bridgeport.

A: In Bridgeport. Up until that time, people couldn't understand...They thought we were still running Warner's, and they couldn't see the clear cut delineation. We moved across the street, set up an office, and appointed a new President of Warner's, with its own operations, it's own everything.

Q: Who was that, at that time?

A: At that time it was a fellow by the name of Coogan. Henry Coogan, who had worked very closely with me, and I moved across the street. I was corporate President and Henry became President of Warner's, and I moved across the street and established a separate financial unit. Until then, we had tried to operate with the Warner's unit, financial unit, doubling as the control for the corporation. It didn't work. So we set up our own unit, in corporate, and that's a very difficult transition period for a company to go through, and for the people to understand what's going on. People are tradition minded and they do things the way they're...They couldn't understand why we weren't...Why I still wasn't running Warner's. And they'd come across the street and ask me about this tyle or that style, and I'd say, "I don't know anything about this. Go ask Mr. Coogan. He's in charge." That's the way we had to do it.

And then, for a while, the less attention I paid to Warner's, the better off I was.
Q: At that point, I assume, you had to be in touch with the securities firms on Wall Street, and...Because you were a big public company.

A: We went public in 1962. I was just down at Wall Street for lunch at the Stock Exchange actually, and I hadn't been on the floor of the Exchange for many years. And I was on the floor of the Exchange at noon today, and we were...The fellow that handled our going public is still there, and we were talking about the events in '61 and '62...

Q: How much business were you doing in '62, when you went public?

A: Probably about $40 million.

Q: And today?

A: Close to $500 million.

Q: Close to $500 million.

A: So it's changed a lot. We had two steps in going public. One, we sold stock to the public, and in the next year we went on the New York Stock Exchange.

Q: Yes, you had described that 100 Warner family members were...

A: Right. But it was a difficult transition, and it's an entirely different concept in management. Take somebody that's very good at running an apparel company. Well, let's take Jerry Silverman. You know Jerry, so let's talk Jerry. Jerry did a very good job for many years, running his own business. He's a good financial man and he knew fashion, and he's a hell of a salesman. But he could no more run an apparel corporation than...Because he...You can't...The difference is that in a small business like that you do
everything...He basically was everything; he was the head salesman and he
was the head merchandiser. And while he didn't actually design the styles, he
decided what styles were going in the line. And he controlled production. But
if you're running a corporation, you have to get that done through other people,
and some people find it impossible to get something done through other people.
They have to do it themselves. And that's very...That's basically the differ­
ence. We have some very good people today, running some of our smaller units.
But they couldn't run the corporation. The people who can run a corporation,
today, are much more likely to be financial types, marketing people. I mean,
professional marketing people, but not necessarily fashion people.

Q: Yes.
A: There's nobody in our corporate group today that's in the
fashion business. And in some ways I regret it. I think something has been
lost. But I'm sure it's a more efficient and better...sounder operation.
All these things that we learned over the years...It's very hard to learn
from other people's experiences, but you learn from your successes and you
learn from your failures.

Q: Well, basically, then, I think you are saying that fashion
is apt to be a skill (can I call it a skill? Or an art) which is perhaps best
dealt with by the entrepreneur, but that the corporate giant is much more like­
ly to require skills that are not in the hands of the entrepreneur.
A: Well, I think that's expressed very well. I'm sure in our
business there will always be (and it's good that it's this way) the new entre­
preneur who will come along with an idea and start a business. Let's take the
Liz Claiborne business as an example. Look at how that's grown. Now, that will reach a point where it can no longer be run by a fashion... It's going to become... Well, it's going to become like our business. It will have to be run by management.

Q: It's now something over $120 million.

A: It's on the verge, where it's going to have to change. The complexities of management get so great at that volume, that the business that maybe sparked the thing in the beginning, the creative ideas... It's a tricky period to maintain the creative ideas when you become a big business, and I think it lies in creating... The secret lies in creating a corporate organization that is excellent at marketing concepts, excellent at financial controls, excellent at deciding what businesses they want to be in and what businesses they don't want to be in. It then must have the ability to turn over the individual units to the entrepreneur, letting them have the freedom to create, but at the same time retaining the controls that are necessary for finances and production.

Q: Thank you very much. That's a very interesting analysis, and very useful.