ORAL HISTORY PROJECT OF THE FASHION INDUSTRIES
FASHION INSTITUTE OF TECHNOLOGY

JACK CASSIDY
PRESIDENT
LILY OF FRANCE MARKETING, INC.

THE FASHION INDUSTRY LEADERS

DATE OF INTERVIEW
Thursday, May 12, 1983

INTERVIEWED BY
Mildred Finger
Lily of France is a company that illustrates how a firm can change its image by building on a great asset, excellent production and fit. In this instance, Lily of France, a division of Bestform Company, has grown dramatically with the collaborative efforts of the head of the parent company with a professional, non-family, manager, who joined the company in 1972.
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Q: ...interview for the Oral History Collection of the Fashion Institute of Technology...Jack Cassidy, Director of Lily of France, Inc., a division of Bestform Corporation. The interview takes place on May 12, 1983; the interviewer is Mildred Finger.

Jack, what is your official title?

A: I am the President of Lily of France Marketing, Inc.

Q: And would you tell us about how you got started in this whole business, because...

A: Sure. I started out 27 years ago as a salesman for the Bali Company in San Francisco.

Q: Tell us before that. Where were you born? When were you born?

A: Oh, I was born in Scranton, Pennsylvania and grew up in New York City, went to school in New York; emigrated to California in 1948, after I got out of the service and school. And worked at a variety of jobs, just trying to survive, and wound up digging tunnels in Oraville, California for a couple of years. Decided I wanted to get my Masters in Engineering and headed for Boulder, Colorado. Met a girl in San Francisco, married her, and that was the end of my engineering career. I went into sales, and I was in janitorial and maintenance supplies for about seven years. Then I was Western Divisional Manager for the Gwen Watch Company, and subsequently became involved with some people in the intimate apparel business, and took a job as a salesman in San Francisco. My rise in the business was, I guess, meteoric. As I brought some new innovations and some new ideas to the business, within three years I was Vice President of Sales and transferred back to New York.
I was with Bali for a total of 17 years, and when Bali sold out to the Hanes Corporation, I had serious reservations about staying with the company, because I didn't particularly care for the direction they were moving in, and decided to make a change. The Bestform organization, through Max Kellman...

Q: K-e-l-m-a-n?

A: K-e-l-m-a-n...had been subtly...asking if I might have interest in his organization over the years. And then when he heard that I was leaving, he really started to pursue me. Lily of France at the time was doing probably, oh, $3 million worth of business...

Q: You said this was about 17 years ago...?

A: No...This was...I've been with Lily of France now for 10 years, so that was 1972, actually, when I came here. But they were doing about $3 million, half of it in structured foundations—girdles, heavy brassieres—that kind of thing, and the other half was done in body shirts, which were a fashion fad at that time. It was something that they discovered that they could make and they capitalized on the fad. It didn't last very long, but it contributed to the total business.

I had serious reservations about coming with the company because they had lost all credibility in the market place; the actual volume they were doing, as I indicated, was limited, but in my conversations with the Bienenfeld family, who are the owners of Bestform, (one of them in particular), and Max Kellman, I asked for three things: One was financial support, manufacturing support, and creative freedom. And they have given me all three, and have continued to give it to me for the last ten years.
I had some definite ideas about what I wanted to do with the company, and what I wanted to do in terms of creating merchandise. Because at the time I had seen something at Bali developing, and Bali, frankly, with the new Hanes management—not being aware of what was happening in our market; they were not intimate apparel people—couldn't see what I saw. Which was a whole changing market out there. The intimate apparel business—bras, panties, girdles, that kind of thing—was strictly functional; orthopedic. It was a replacement business, primarily in white and beige, appealing to a more mature audience and an audience that needed some kind of control or corsetry.

At this time, the Women's Liberation movement was developing. It was an upsurge in the women's movement, and the youth of America was responding to the cause. And a manifestation of this new liberation was burning brassieres: actually burning them, as a symbolic gesture, of this movement. It was interesting because at about the same time, mini-skirts came into the picture, and this eliminated panty girdles and girdles completely. Pantyhose did the rest of the business; so, essentially, the industry was in critical trouble because of the fashion influences and the social influences that were taking place. Just imagine, if an entire generation of our youth decided they weren't going to eat hamburgers anymore. McDonald's would have gone down the drain. That's essentially what was happening here. The share of market was going down, businesses were going down, for all...

Q: Which market was going down?

A: The share of market. And businesses were going down.
Businesses were failing in our area, not because the economy was down, but because there was no interest in our particular item of apparel.

Q: What was the product mix at that time? Just bras, girdles and...when you came in.

A: Bras and girdles. Reinforced, heavy girdles. With boning, with zippers. Bras with heavy accoutrements and elastic. Really supportive merchandise. I went out into the marketplace and talked to these women. And essentially they said to me, "We do not lead structured lives. We will not lead structured lives any longer. And we don't want to wear structured merchandise. We don't want to...We don't want to be inhibited in our lifestyle, or in our dress," and that was the reason they were burning the brassieres.

Now, they were not only intellectually liberated; they were psychologically, physically, sexually...and all of these factors entered into my thinking about designing merchandise that would be compatible with what they perceived as their new lifestyle.

So I developed, with some technological people in the market, new fabrications; went into molding. Made a front closure brassiere without any adjustments on the shoulder strap. Molded it so there was no seaming in the cup. Made it sheer. Did it in colors, and coordinated it with matching bottoms. And essentially what we did was create a fashion accessory, that had all the inherent qualities of corsetry, but subtle, refined, and compatible with what these women, how they perceived themselves. It became a very sexual object, and as they were sexually liberated, they saw themselves, as women, for the first time. Really as women, because they had
grown up in jeans and sweatshirts and now what they were wearing underneath appealed to the common denominator that went through all of the women, which is their basic femininity, and that's the difference between us. Men are masculine, macho, and they want to feel that way. And women, I don't care who they are, want to feel feminine and sweet....

My target market at the time, was the 18-24 year old age group, because I felt that there was a revolution in intimate apparel ready to happen, and the leadership, in any kind of revolution, whether it's fashion or politics or whatever, is usually taken up by the young people. They influence change, and most of the time for the good, sometimes not. But generally they are of the forefront of any new movement. They recognize it, and they latch onto it.

I was able to do it in the market place because all my competition saw this as a very, very small segment of the industry. Their question was, "Who would wear a front closure brassiere? And sheer, in color." Color was a markdown; it never sold in the industry, so they shied away from it. And it allowed us to, in a very short period of time, really penetrate the market. And before they knew what was happening, we had a business going that not only appealed to the 18-24 year old age group, but it appealed to all women. We became...Our target market was attitudinal rather than going after a specific age group, and from the youth, who started to influence their older sisters, their mothers and...It was a tidal wave that we couldn't control, and within three years this brassiere became the number one selling brassiere in America, and it has stayed there since that time. What it allowed us to do, besides building a very profitable base on that merchandise, was to
start structuring a company that was really a fashion intimate apparel, fashion accessory company. Corsetry is inherent in everything we do. The fit is there; we are controlling the figure types, but it allowed us to get involved with designers; it allowed us to diversify. We went into daywear, sleepwear. We had designer names working for us, some of the best known names in the country--John Kloss, who was a sleepwear designer before he became associated with us, became very famous and very wealthy (he's no longer with us). Rudy Gernreich, who I think is one of the most creative men in the business, usually ten years ahead of himself. He was with us for several years. Gloria Vanderbilt. We did a loungewear line with her. Anne Klein. We did the first collection while Anne was alive, and when she died, we stayed with the organization but the same input wasn't there.

Then I decided that rather than using Seventh Avenue names, taking what minimal input they had in intimate apparel--because, although they are great designers this is a highly technical business--and I decided that we would promote our own designers, who really create this merchandise and really make it happen. Gloria Falla...

Q: Would you spell Falla?
A: F-a-l-l-a. She pronounces it "Fiya," but...She's known in the industry as Gloria Falla. I think she is one of the most creative brassiere designers, of intimate apparel designs, in the business. She is a technician with a fashion sense that has created some enormously successful merchandise for us.

Q: She designs under the Lily of France label.
A: She designs...It's "Gloria Falla, for Lily of France."
She is working for Lily of France. Then, about four years ago, I hired
Rosa Puleo-Szule, who is a sleepwear designer, and I think one of the
finest technicians in the business, and a great designer. We've taken a
business from nothing, overnight, to a multi-million dollar operation.
And we are now doing the same thing with daywear. We just hired a new
designer, and we won't put her name on the label for a year, to see if
we're going to be as successful as I think we will be.

From nowhere, in 1972...

Q: Before you do that...Just to clarify the categories...

Daywear is slips....

A: Daywear is camisoles, teddies, slips, panties, petticoats.

Foundations...

Q: What do you call a petticoat? A half slip?

A: A half slip, a petticoat. It's a skirt liner. Foundations

is, as the name implies. It's a supportive garment.

Q: And sleepwear is... nightgowns....

A: Nightgowns and coordinate coats.

Q: And do you do pajamas as well?

A: Pajamas are in the sleepwear area, yes.

Q: Now, you do robes but you don't...That's not loungewear.

A: No, the robes...When we get into that, and I will eventually,

I need more space, as you can see, around here. And I won't introduce any
new lines until I get space. But Rosa has already planned a loungewear robe
line that's coming.
Q: I'm sorry. You were talking about the designers, and you started to say that something new was happening, when I interrupted you....

A: In 1972, we had a very minimal base, essentially selling from nowhere, with no credibility, outside of New York City. Most of our business was being done with one or two stores in New York, and a lot of it on private label. Saks Fifth Avenue, we were doing their merchandise and putting the Saks label on it. So, Lily of France had actually no recognition or no credibility in any other part of the country or any other market. From that point, we have now become the number one fashion resource, and in many cases the number one intimate apparel resource in stores like Bulloch's, or Burdine's, or Saks Fifth Avenue, Bloomingdale's--It has been a phenomenal turn around and...But more importantly, what this did is influence the market and influence our competition to a point where they recognized that there was validity in this concept, and if they wanted to survive they'd better become part of it, and new merchandise started to come on into the market place, and as a result the stores had greater selections, were able to offer better selections, and all of a sudden, departments started to look much different. From structured corset departments, color was introduced. Coordination was introduced. Excitement was introduced. Sex was introduced. And we became a very important part of the entire fashion direction in a store. We're not where I think we should be, because we're not understood by people in store design. We're not understood by display people. They don't know...They can react very favorably to sportswear and accessories and home furnishings, but intimate apparel frightens them somewhat. But we're getting there. We're doing a lot of it ourselves. I am creating departments of the
future, in sketch and rendering form, so that they can see how to
structure a department, and attract women into an environment where they
are comfortable. Because now we're not talking to 18-24; we're
talking to all women, and to women who used to wear a structured, white
brassiere we're giving an option. We're giving them color. We're giving
them coordination. I don't care what age group we're talking to; the
older woman needs the help, both psychologically and physically, more than
the 18-24 year old. And that's been an entirely new market for us. We've
introduced different types of embroidery; different types of laces; a
very European touch to a lot of our merchandise. And we've introduced
excitement in the market place and enormous profits. It's a business that
these people never realized they would have. They took intimate apparel for
granted, and if a customer came in and wanted a corset or a brassiere, they
sold it to her. But actually going out and stimulating her emotionally,
it never happened before. My direction to designers is to make it pretty
and get an emotional reaction. Because if the woman responds to it, then she
will take the time to go into the fitting room.

Q: Jack, do you want to talk a little bit about Christian Dior
before we lose that, because you talked about the other divisions.

A: Sure...Christian Dior...We purchased two companies about
two years ago, primarily to get the Christian Dior franchise. Christian Dior,
as you know, died in 1957, and the people that are in that organization are
extremely clever. Jacques Rouet, who was head...And you probably know him...
has really fought to maintain the image of Christian Dior, and that's what
we're talking about.
Q: Now, what do you do that's different from the products done by Chevette?

A: Chevette does sleepwear and woven daywear. I do foundations, and knitted daywear.

Q: I see.

A: There are very distinct differences. When we bought the two companies, the total real business was approximately...

Q: When you say "bought" the two companies, what are the two that you bought?

A: There is a company by the name of "Tru Balance," that was manufacturing under the Christian Dior label, and there was another company called "Intimates," that were doing panties under the...

Q: Oh, I see. So you bought them, together with their licenses.

A: Right. That was the only reason I bought them, to get their licenses. And we...They had some nice merchandise, but it was not what I perceived as the Christian Dior line being, or the Christian Dior look needed to fill the franchise. But we had the franchise. We immediately set about to design merchandise that we thought, after some market research, would induce a new market into designer mart merchandise. What we inherited was, essentially, good structural merchandise with imported laces, retailing for somewhere around $35-40. It was a more mature audience, rather conservative audience, and we felt that we could not make the average executive woman reach for Christian Dior merchandise. One, it didn't appeal to her sexually; two, it was too overpriced for what she was looking for. So we set out to design
merchandise in the $18-22 range...

Q: $18-22....

A: Retail.

Q: Retail. Which would be $9 to...$11 at cost. You keystone...

A: Yes, we do. But now, at retail, the average sale, in our merchandise is about $12. We cannot make the contemporary customer reach from $12 to $30. I have to structure something in. But more importantly, make her respond emotionally. In nine months, we took the business from $2 million to $5 million.

Q: So when you started with the business, it was about $2 million...?

A: About 18 months ago.

Q: Oh, I'm sorry. I'm just trying to get the picture of your volume overall. When you started here, 10 years ago, with Lily of France, altogether you were doing approximately...?

A: Approximately $3 million.

Q: Approximately $3 (million). I know you're a privately held company, but I just wanted to get a ballpark figure...And today you are...

A: Industry sources say we're in the $40 million range.

Q: Really?

A: Really. And they're pretty accurate. I can't give you the figures...

Q: Of course not.

A: But it's an enormous amount of business. It's a great story.

Q: I have a lot of questions here...Whenever you're finished...
A: We're just getting started with Dior. I'll take the odds it's $20 million in the next couple of years. Because there is a market out there for fine merchandise, and this is what we want to do. We do not want to conflict with Lily of France. And there is a distinction between the two, that is obvious when you see them. One uses very fine imported laces and embroidery. I've introduced color and coordination to Christian Dior, and we're just getting started.

Q: Now, are you using a private designer for it, or is that Rosa, who's going to be doing it.

A: No, no. Gloria is doing foundations and another girl is doing...I hired a merchandiser to come in and coordinate it; I hired Toby Garfinkel, who was a divisional merchandiser from Bloomingdale's, and she is doing a great job. She's young and bright and talented, and understands this market. She understands the merchandise because it appeals to her, and...

Q: Okay. I have some questions to ask. As you have finished your general narration... I think I understand what the product mix is and how it's differentiated from one division to another, so that's okay. Let's talk about production. Where do you produce? Both in this country and wherever else...

A: Yes. We produce in Puerto Rico. We produce offshore in Santo Domingo, Santa Lucia, St. Kitts...

Q: So that's in the Caribbean, essentially.

A: In the Caribbean. Also, as part of a Bestform division, some of our merchandise does come out of Hong Kong.
Q: Okay. That's what I wanted to know. When you say offshore, on Seventh Avenue, offshore generally means Hong Kong, Korea, Taiwan. It's not necessarily true in this industry.

A: No.

Q: Okay. But you also produce some in...I'm sorry, you just said either Korea or Taiwan.

A: Hong Kong.

Q: Hong Kong.

A: Corporately...we're in China and the Phillippines, but none of my merchandise is being made there.

Q: When you say corporately, you mean...the Bestform Corporation.

A: That's right.

Q: But in terms of Lily of France, you are not at this moment in China or...

A: No.

Q: And what do you think is going to be the future of that?

A: I think we will eventually have to be there. I think, unfortunately, everybody will have to be there. There is no way we can compete in the marketplace on domestic costs. And by domestic I mean Puerto Rico. The cost to do business in Puerto Rico is almost the same as it is to do it in the United States, and we follow the sun. It's cheap labor. We are a highly labor intensified business, and to keep our costs down we have to get cheap labor. The labor costs us more than the fabric in the merchandise. As opposed to cosmetics, where labor's nothing. You make a formula and you put it in a machine and you pour it in bottles. The cost in that is all in the promotion
to package and the advertising, which is significant. But with us, it's labor.

Q: So you're violating the principle of a third, a third and a third. A third labor, a third fabric, and a third overhead, etc.
A: Right.
Q: You say you're producing offshore, and you count Puerto Rico as part of that.
A: That's domestic.
Q: Do you have any other domestic facilities?
A: Yes. We have all of our long goods--sleepwear--is made in Johnstown, Pennsylvania. That is headquarters for our manufacturing, our distribution and warehousing. Our cutting facilities are in Johnstown, and in a neighboring town.
Q: So that, essentially, what you do in this facility at 90 Park Avenue is you do your selling, your designing (I assume your designing) ...
A: It's inside, yes. Executives.
Q: And your designers are here.
A: Design rooms I have in two different places. I have design rooms on 37th Street and some in Long Island City.
Q: Oh, I see.
A: Because I need space for the big tables.
Q: I see. Your cutting and grading and all that kind of thing is done wherever the merchandise is completed.
A: All the grading, all the pattern making is done here. That cannot go out until it has designer approval. After the cutting and grad-
ing is done, if we need dies, they're sent out to the die maker and checked by the designer against her patterns. If she approves, then they are sent down and the cutting is done in Winborough, which is a neighboring town of Johnstown. All of our heavy hydraulic cutting machines are down there, and hand cutting blades are down there. Most of our cutting is die cutting, because we work with a lot of small pieces in foundations and daywear. In sleepwear, it's mostly band cutting, which is a band saw.

Q: B-a-n-d?
A: B-a-n-d.

Q: I haven't heard that term before.
A: Well, it's a band saw.

Q: But that which is done in the Caribbean, is that cut in the Caribbean or shipped...

A: We cut, ship the cut goods to the Caribbean and they assemble it and send it back. We inspect it, process it, iron it--whatever is necessary...

Q: And that comes under 8-307 or whatever...
A: No. 807...
Q: 807.
A: ...807 is a different kind of a situation. In Central America, there is a quota. If we do any kind of work in Mexico, we cut, transport it down there; they sew, and send it back to us, and we are taxed on the added value, we're not taxed on the entire product. Just the added value. The added value is labor, and if the labor is so low, the tax at that point is appreciably low. That's why we do that.
Q: Okay. Now. Licensing. We talked about the designers... Obviously, when you license a designer, that designer is... doesn't work on your premises...

A: No.

Q: But you seem to be getting to the point of in-house designers working on labels, right? That seems to be...

A: I think we have the talent. All right? The reason I have used name designers--Fernando Sanchez worked for us--is that the retail community responds to designer names, and they have no awareness of what it takes to make the merchandise, and they really don't care. If the designer's name is on there, they want to be first with the designer. It makes it easier for us to open some doors, and that's the reason I used designers initially. Fernando Sanchez is probably one of the most talented designers in intimate apparel, but his concepts were a little different from what I wanted for the mass market. But when I announced that we were going to use Fernando Sanchez, every store President in the country called and said, "We want to be first." Unfortunately, the line didn't justify that kind of attention and we phased it out after a couple of years. So, you know, that reinforced my decision to use our own designers and to trade on our name, Lily of France, which is now stronger than any designer out there.

Q: Let's talk a little bit about the sales force. What it was when you started, and what it is today.

A: They had nine salesmen working in various parts of the country and carrying other lines.
Q: Participating in marts? You know, the Dallas mart.....

A: The Dallas mart, and there was a fellow carrying the line in the midwest, and someone carrying it in the northwest, and some business in southern California. Out of the nine men who were carrying the line at that time, two are still with us. The sales force has gone from that point to where I have 40 people on the road, carrying the line, eight of whom are women. I was the first one in the contemporary business to put women out on the road, and they have been very effective for a couple of reasons. Most of them have come out of the retail community, so they understand the retail business and they speak their language. But this is the intimate apparel business, and they can get into the departments, work with the sales girls, work with the customers, they identify with the merchandise because they wear it themselves, and it has been enormously successful. But, as with all sales organizations, not all women worked out, not all men worked out. But the women I have with me now are dynamite and...

Q: Do you bring them into New York to the major markets?

A: We bring them into New York to the major markets. They all pay their own expenses. We pay our sales reps by commission, and it is substantial, and if they're successful they can make quite a bit of money, and their expenses are their own. Initially, when they're getting started, we underwrite their expenses. But we do bring them to New York. We certainly bring them to New York for training, and then put them in the field with an established representative, and after a few weeks, if we feel they're ready, we turn them over to their own particular territory.

Q: When we were talking about production, I forgot to ask you
...Are you...I assume you're ILG....

A: Oh, yes. We are a union shop all the way through.

Q: But ILG in particular....

A: Yes.

Q: You are backed by Bestform, so that the financing is taken care of by them. So that you don't get involved in such things as were you ever factored or...

A: No, I don't.

Q: Now. Catalogues. The Bloomingdale "Sighs and Whispers" catalogue apparently had a great impact on a lot of things that have happened in this market... is that right?

A: Yes it did. Yeah. We are in "Sighs and Whispers." If you have a copy of it you'll see we had three pages, and at that time I had one page of Anne Klein, one page of Rudy Gernreich and one page of Lily of France. And it was very successful. I think it was an artistic success. I think it was a financial disaster, because we did not get the return on our investment, nor did any other manufacturer, and I don't think Bloomingdale's did either. But it established a mood, it established a precedent, and a modification of that is now translated into every catalogue that you see.

Q: Are you found in Victoria's Secret?

A: Oh, yes. They're a very big customer of ours.

Q: They've apparently grown phenomenally, haven't they?

A: Well, they have recently been purchased by the Limited Company, and that's quite a story. I remember when Roy came into the showroom and...

Q: Roy...?
A: Roy Raymond. He's the President of Victoria's Secret, a very talented young guy. And had this idea of very luxurious little shops, catering to an affluent trade, men and women, and supporting his operation with direct mail. And he called it Victoria's Secret. And he had the most expensive merchandise, along with some better fashion merchandise, such as Lily of France, and it's grown enormously. And he has, as I said, just recently been purchased by the Limited Company, who have announced plans to expand from five stores to 250 stores, increase their mailing list. They've gone already from 1 million catalogues to 5 million, and it's the wave of the future. We do an enormous business with Spiegel's, with Private Moments, with Intimates, which is a division of the U.S. Shoe Company, and it's very good business for us. And I think that the major retailers are going to have to recognize that this is a force to be dealt with. Bloomingdale's was the first one to do it. They have created a new catalogue called "Desire," and are sending that out all across the country and I think it's being very successful. Their first mailing is out now.

Q: So the catalogue business is I guess part of your advertising and sales promotion effort, and I assume that it's cooperative advertising.

A: Yes it is. We pay 3% of full price purchases, back to the customers, and this is contractual, and we do it to direct mail and retailers, all the same.

Q: What about private label. Are you involved in that?

A: Yes, we do some private label. We work with corporate offices, develop merchandise for their specific group of stores, usually with their input, and put their name on it. We do a "Payson" label for Macy's and there are several other people that we get involved with. It is a rather
recent addition to our total business, but one that I think is going to be very important.

Q: Considering what you are, you care so much about the brand identification of Lily of France, why do you feel that private label is useful for you?

A: Well, it allows the store the opportunity to price it any way they want so they can get greater gross margins and greater bottom line, which is to our benefit, because it is a Lily of France product...

Q: But it doesn't carry your name.

A: That's right. But if the total volume in the store increases, and the total profit in the store increases, that makes management more amenable to doing other things that I want. I will not do private label unless I have a strong Lily of France position in that store. Will not do it.

Q: Well. I understand. Do you have a discount division?

A: Corporately Bestform Company handles all of that. I do not sell discounters.

Q: Do you sell...Do you have any special merchandise for Sears and Penneys and people like that?

A: No, that's corporate.

Q: That's corporate. Now, you talked about the designers, and that makes me think a little bit about expansion. You are not...It seems to me that although...Well, I don't know. Are you interested in expansion internally or through acquisition. I mean, you acquired "Tru Balance." And "Intimates."
A: Yes. To get the Christian Dior franchise; I did not need the companies. There was no contribution. It was a very small operation, and we closed their offices and terminated their organization, which was not that many people. We absorbed a couple of them. But I wanted the franchise, and that's the only reason I got involved there.

The expansion will come internally, not through acquisition. I have plans for other divisions within Lily of France, plans for a loungewear and robe line. I have plans for a woven sleepwear line, designed by Rosa, under another name. We'll probably use her daughter's name. I have plans for expansion into new classification of merchandise. And, you know, I can see an additional $25 million in the next couple of years, just by doing new things within the framework of our organization. My desire is not to be the biggest, but to be the healthiest. We're moving in a very big direction and still...

Q: Yes. I should say you are. Now...What about reorders in your kind of a business. You're not at all staple, and you're not at all basic. Do reorders mean anything to you?

A: They're the most important part of our business.

Q: They are.

A: Yes. Our number one selling garment, which is the glossy garment, that started the whole thing--Style 1803--is...

Q: A glossy garment; that was a bra?

A: A brassiere.

Q: Oh, right. Yes.

A: That is now in its eighth year. And continues to grow.
Q: Do you keep this in inventory?

A: Oh, yes. We keep thousands of dozens of them on the shelves. And the way you promote it is you keep changing the colors. Just...We maintain nine basic colors in that garment, and I have had as many as 27 colors in the line at one time. We now have 16. It gets to be an enormous inventory problem. But that's basic reorder. Women are very loyal to particular items of intimate apparel. If they find a brassiere, or something that fits them, and they like it, they'll wear it for years. And keep reordering it. And that's what we try to do...

Q: But except for this kind of thing, which is a phenomenon I think, when you do...I mean, you are a fashion company, doing a lot of very high style things, but even with that, you say you can't...

A: The one ingredient that you must remember in foundations is control. All right? And we are a control house? So, that garment over there, which is well known--stripes--is three years old. And it is light and delicate and considered high fashion, but it's still a reorder item because women will wear that garment--which is a brassiere. All right? We're working with two busts, two cups. I mean, there's not that much you can do with it, unless you color it, trim it with a little lace. It's not like drape. In drape, you can have any kind of shoulder; any kind of sleeve. You're still working with the same form, but not controlling. In our business, we have to conform.

Q: What about your sleepwear? Is there...

A: Sleepwear is different.

Q: Okay.
A: Sleepwear is not a reorder item. Sleepwear we make five times a year and they buy it and it's a one shot deal, and then they come back next season and buy again. Occasionally you'll get a garment or two that has such credibility that all you have to do is recolor it, and that same body type just keeps going on for years, and that's wonderful if you get something like that. Because it cuts your cost of makeup down and it is an extremely profitable business.

In foundations and daywear, you're primarily following to body dimensions. And there are mathematical computations that go into making this, predicated on the different kinds of fabric...

Q: Are computers now a major factor in the productions of these kinds of things?

A: Well...We have not...We're not as sophisticated as I would like to be, but we will be in the future. But computers are very important. The computers...We use computers to grade, because there are factors in the computer that are standard. That does all the grading for us; all the pattern making is done on computers. But the actual design has to be created by the designer.

Q: Mergers and acquisitions...Well, we talked about that when we talked about "Tru Balance." Tell me about exports. You mentioned exporting. Do you do much of that or...?

A: Yes, we do. As a matter of fact, I've established licensees overseas. We are...We have licensees in the British Isles, in the Benelux countries, in South Africa, in Germany, and in Mexico. We...and let's say...Belgium, I mentioned the Benelux countries. We export directly to several
South American countries...

Q: Because they don't have the facilities themselves.

A: That's right. Or they're looking for our kind of merchandise. We used to do an enormous business on the island of Margarita off Venezuela. The whole South American business has kind of closed down now because their economy is so shaky. We export to Kuwait, to Switzerland, to Italy, and I am going over to Europe in a couple of months to talk about some other licensing ventures in some other countries over there. There is a tremendous amount of interest in Lily of France. When the foreign market shops America, and they go through the stores in New York, the major markets, they see a lot of us and they see a lot of innovation, a lot of newness, a lot of things that they don't do over there. Strangely enough, we shop Europe, and see what they're doing in fabric and laces and elastics and so forth. But our interpretation and our technology is far superior to the Europeans, and that's why we're such a desired line.

Q: Are there other kinds of promotion that you do besides advertising?

A: Oh, sure. For example, I developed a sport bra a few years ago, and to promote that sport bra, I signed to contract 30 lady professional golfers. We were the official sport bra of the OPGA Tournament; and we had Lily of France visors, which became very, very visible on television and we did tie in with the various stores in a marketing area when the LPGA tour was present. I also did tennis promotions. We got involved with the Women's Sport Foundation, that kind of thing. I'm involved with high schools and colleges around the country on their track and field teams; we donate
sport bras to under privileged athletes. And we do the usual "buy two, get one free," to compete with the market. I don't like it but it's something that we have to do to stay competitive. Television, I haven't done any to any extent, because up to now we have been laboring under network censorship. They will not allow us to show intimate apparel on a live model. And I will not show it on a form, because I don't design the merchandise to go on a form.

Q: Jack, what happens in a company like this where you are in professional management, but have no equity position. What is going to happen at the point where you choose, for example, to retire?

A: Well, it's a major problem, and it's one that the Bestform organization and the Bienenfeld family should give a lot of consideration to. Not having had any equity in the organization means that I cannot turn it over to a son--of which I have two, one in the business and one son is a designer with Halston, who eventually wants his own label, and could bring him in, but....

End of Side 1
Q: We don't really know how to...You don't know what the answers are...

A: I honestly don't know what the answers are. I know what they should be. But anyone in my position--and I'm talking about me, specifically--but professional management, who really influenced the direction and the growth of the company, if I were a family, I would do everything I possibly could to make certain that he continued, or didn't leave, or that his thinking and his influence would remain with the company for the balance of his working life, either through consulting arrangement, after retirement, or bringing in one of his heirs--giving him some kind of equity and financial interest to handcuff him to the company. Because I have over the years been offered many positions, based on the successes we've had here, and I don't leave for a combination of reasons. I happen to like this family, I like the people I'm working for, and I make a great deal of money. But if Mr. X comes and offers me a million dollars to run his company, I would give it very serious consideration. And that's conceivable, when you have professional management. You are always a target for people who want to grow their company, or want to get involved in a turn around situation. They feel if I've done it here, I can do it for them.

Q: Sure. Just as you did for Bali, you're doing it for this company.

A: Yeah.

Q: Well, I would like your opinion....Just one final thing...Just based on your own experience, it would appear as though an outsider--
that is to say, a non-family member--can come into an organization (I'm thinking now in terms of the future of students), can come into a company and can take a route...Your route was one thing...What kinds of routes are there to get to positions of importance in companies which are so heavily dominated by family?

A: That can be a problem... Nepotism, I think, is a good thing, if properly utilized. But if you use a company just to house family members who really do not make a contribution but hold key positions in the organization, then my advice is to stay away from it, because no matter how creative you might be, and how much of a contribution you might make to the company, it's not going to happen. In Lily of France, when I first came here, I had total and complete control. There was no family involvement in the company (there is now, and I welcome them), but...

Q: You mean the Bienenfeld family.

A: The Bienenfeld family. And they do make a contribution. Marvin Bienenfeld, who is a gem in this company, is a very, very clever guy, and I welcome the input. We have a good working relationship. I have been in...not working for other organizations...but I've been exposed to other organizations where family can be a detriment. And if you see that it's ridden with family, my advice is to stay away, unless you have some kind of contractual arrangement that will give you creative freedom and authority to run the company.

Q: But to get into a company in lingerie or intimate apparel or whatever, is design one route? Selling obviously is a route, since...

A: Selling and marketing. Design is very important. But that's
just one aspect of a business; it's not running the business. I have nine designers working for me, right? A lot of people working for me, but sales and marketing in our business is what happens. What makes it happen. Influencing design. Because designers can't just be shut in a room and have you say, "Design me some merchandise." There has to be some marketing input, there has to be sales direction. You must be a creative marketer in order to move ahead in this business, and the opportunities are unlimited. Unfortunately, there are not too many people coming along that can do the kinds of things we did at Lily of France. If there were, more of it would be happening in the market place. There's an awful lot of copying in this business; there's no individuality in the various companies. I think everybody should stand for something, instead of knocking off good numbers that come on the market. But, there is room. There's room for creativity. Study marketing. Be involved with sales. Know the overall aspects of running a business; be familiar with finance; be familiar with production. You don't necessarily have to be an expert in that area, but sell the merchandise. Because that's what happens, and if you come up with a product, with the proper product and the right promotional support, the increases can be so dramatic and so fast in this business, that it will make your head swim. The disasters...the potential for disaster is always there, but that's the risk you take. And if you...You know. I have come out with some of the all time great disasters in this business, but...

Q: Have you?

A: Oh, sure. Timing is the essence in everything, and in a couple of cases I was two years ahead of ourselves. It's always been
timing. In a few cases, there were things that I thought the market would take, and they didn't respond. Who knows why.

Q: Well, it's a high risk business.

A: Yeah. All my research and all my testing, limited though it might be, indicated that I had a success, and when we sold it, and we sold it aggressively, the consumer didn't respond. It's one of those things. Yeah. You take your chances.

See, we can't do the kind of market research that the food people or the medicine people or the toothpaste people do, because in our business, if you test it in the market place, there is always someone who is going to buy it, who rushes back to their design department and knocks it off in a cheaper fabric or something, and gets it out to the market place. You've got to take your chances, and that's the fashion business, and we fortunately have had many more successes than we've had failures.

Q: Oh, I'm sure you have.

A: So that's what keeps us going.

Q: Thank you very much; that was very helpful.