ORAL HISTORY PROJECT OF THE FASHION INDUSTRIES

FASHION INSTITUTE OF TECHNOLOGY

MELVIN MORRIS
PRESIDENT
VALMODE, INC.

THE FASHION INDUSTRY LEADERS

DATE OF INTERVIEW

Wednesday, January 19, 1983

INTERVIEWED BY

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Valmode, Inc., founded by Melvin Morris, is an interesting example of a company founded by entrepreneurs, sold to a public company (Cluett, Peabody in 1968), and then ultimately (1977) bought back by its founder. It is now again a family owned business, and is expected to remain in the hands of that family.

This Oral History relates the start of an intimate apparel business in the mid 1940's, after Mr. Morris had been involved in the industry for some years. Its development in the years since is explained carefully, and typifies the experience of other such firms.
Early history of Melvin Morris and of beginnings of intimate apparel business. Prior to World War II, manufacturers were already on Madison Avenue in low 30's.

Working for Fischer Brothers, Mel Morris was traveling salesman. Industry included many very small firms, specializing in one category of merchandise. Industry includes sleepwear and daywear.

Fischer Brothers product mix

Description of product mix of large diversified companies

M. Morris serves in Air Force during WW II; at end of war, he raised money to go into own business with silent partner in the piece goods business. Subsequently bought out this partner and in 1951, started Valmode.

Description of Valmode: 1951 financing; volume goals; designing of product; division of activities of four partners; development of sales force

Description of selling function today, including participation in marts all over U.S.; development of duplicate lines for distribution to salesman all over U.S.; explanation of showings for year

Price ranges geared to major department stores and to chains.

Production in U.S., sofar, little offshore

Stores eliminate manufacturers as middlemen by ever'moreasy direct purchasing in Orient mostly of basic goods. U.S. manufacturers attempt to combat this trend with designed merchandise. Importance of fabric in design

Non-unionized work often goes to the Caribbean

Division of functions (distribution, finances) between corporate headquarter and plants
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Q: Would you tell us what your childhood was like, and then we’ll go on from there.

A: I was born in July, 1915. I was born in New York. We lived on Long Island and Brooklyn most of my life, up until World War II.

Q: Brothers and sisters?

A: I have two sisters. One older, one younger.

Q: And what about your parents? Was your father, for example....

A: My father was in the insurance business and in the fire adjusting business.

Q: So he had nothing to do with...

A: No, he wasn't.

Q: This business. Right.

A: He was never in this industry at all.

Q: Okay. And where'd you go to school?

A: In Brooklyn. I went to Lincoln High School in Brooklyn, and I went to City College at night for two years.

Q: Then, how did you get...What were you studying? Or, how did you get involved in this?

A: I got involved in it because I was a Depression boy, and I got a job as a shipping clerk at Fischer & Company, who was my father’s first cousin. And they currently had a business...

Q: What did Fischer do?

A: They made lingerie too.

Q: Okay.
A: And I was with them from 1933 until 1940, and I started as a shipping clerk. After I was there about a year I started selling in the metropolitan area for them. And then after two years they gave me the Middle West plus the New York area.

Q: So you traveled.

A: Right. Then I was also involved, when I wasn't on the road, with helping in design and picking piece goods and laces.

Q: And, therefore, you probably had a little bit of...

A: I had an education, a background in production, because I was always in the plant when I wasn't on the road.

Q: Where was the firm located in those days?

A: At 105 Madison Avenue. Fischer & Company.

Q: So that's pretty much where this industry has always been.

A: It's always been on Madison Avenue in the '30s.

Q: Because, of course, the garment industry started all the way on the lower East Side, and moved uptown very gradually.

A: Well, Fischer...Before I was even in the company, I know the history of them. They started in their home in Harlem. It was two sisters and a brother. There was no ready-to-wear business as far as intimate apparel in those days.

Q: Could you talk about that a little bit? Do you know their story? Because that would be very interesting.

A: Yeah. As they grew, they decided to come down in this area and open a little factory.

Q: So that they started in Harlem, which was probably their home. And then moved on down into this area directly.
A: They were doing most of it... It was very small, a made-to-order business. That's the way they started.

Q: So it sounds as though they could have been one of the first companies in this business.
A: They were.

Q: What happened before that? Where did women buy... How did they get underclothes?
A: Well, it was like before ready-to-wear business. You had to go to a dressmaker and she made a dress for you. People went to them for a bridal ensemble; nightgowns. In this days, a slip and a petticoat. This is going back, I imagine... I came to them in 1933, but they most likely were in business 15 years before that. Maybe even 20 years before that.

Q: And when you went to work for them, how many people did they have working for them?
A: Oh, they had a plant of about 40 operators and two cutters and two shipping clerks.

Q: All in this area.
A: Yeah.

Q: So that the plant facility and the showroom....
A: Most all firms, prior to World War II, manufactured right on Madison Avenue. They had their showrooms on Madison Avenue. Everything was done right on Madison Avenue. There were a few firms in those days that also manufactured out of town, one of the... St. Louis, I would say, was one of the cities that started very early too. There were two or three firms out there. Two firms in Chicago. A couple of firms started down South too, and
in Texas. But basically, I would say, 90% of the industry was in New York City.

Q: When you say 90% of the industry, how many firms do you think there were?

A: In those days?

Q: Yeah.

A: Oh, there was an awful lot.

Q: Really?

A: Oh,...

Q: All very small.

A: Small, relative to the dollars of today, you know, they...

Because merchandise was much cheaper. We were making pure silk slips with imported French laces to sell for $2.95, retail.

Q: Really.

A: Yes. Just to give you an idea. That slip today would sell for $60.

Q: Right. And this was all in the '30s, as you recall.

A: Yes. In the Depression years.

Q: Yeah. Right. Yeah...You, as a salesman for them, probably got to know a lot of other salesmen and a lot of stores, too.

A: Yes.

Q: So that in the job you did for Fischer Brothers, did you travel?

A: Yes. I traveled to the Middle West. And I also took care of the local area. The five boroughs; Long Island....
Q: Specialty stores, department stores...Which?
A: Both.

Q: Both. And....What were your relationships with stores in those days? I mean, on what level did you deal? Because...What I'm leading up to obviously is that at some point, there has gotten to be a great difference in relationships to stores.
A: Yes.

Q: So, could you talk a little bit about that? What it was like then?
A: Well, then it was a case of you going into the store and hoping that they needed some goods. And most of the stores in those days would look at every line. And there were so many lines it was really...Nobody really dominated the department. Like it is today. Today there are very few lines that do the big volume. I would say that since depression years, I would say that, I don't think we have 20% the amount of manufacturers we used to have.

Q: Could you clarify for me a little bit...because...
A: In other words, if we have 150 manufacturers today, in...all intimate apparel...

Q: When you say "all intimate apparel," that includes robes and nightgowns and bras and panties...Everything.
A: Correct.

Q: And you're saying there are how many firms?
A: Ah...

Q: About.
A: Well, let's see here....I would say if there's 150 that would
be about it.

Q: Uh huh. And that's not just New York. That's all over the country.

A: Yeah. I would imagine...It might be as high as 200. But there are four different categories now. We only make one category. We only make sleepwear.

Q: Here.

A: My business today is only sleepwear.

Q: Are most firms broken down into that kind of business...?

A: No. Vanity Fair makes all categories. Miss Elaine makes two categories. They make robes and sleepwear. Kayser makes all categories. Munsingwear makes all...which is Hollywood Vassarette. They make all categories. Most of them have at least two.

Q: Well, that's two...Because when you say robes and...

A: When I say two...Robes and sleepwear.

Q: Uh huh. And sleepwear.

A: Today...We just started a year or so ago just making some robes, to coordinate with sleepwear. But we don't sell it directly to robe departments. We sell it to the sleepwear departments and coordinate the robe with the nightgowns.

Q: Okay. Now getting back to Fischer Brothers...In those days, what did they make?

A: I was there for seven years, and for the first five years, they only made daywear. Primarily slips. And then in the latter years they started making a few petticoats. and then they made a couple of nightgowns,
but 90% of their business was slips. Full slips.

Q: Right. And people who made bras and girdles were totally separate.

A: They still are. Except for the big companies. Like I mentioned. Kayser, Vanity Fair, Vassarette, Maidenform... These are all really big bra companies that have expanded into the other areas. Kayser is very big in robes....

Q: Well, Kayser has several different divisions though, doesn't it?

A: Those are things that they merged with. They bought these companies. Like they bought a company called Schneiererson, who only handles chain business. They manufacture for Penneys, Sears, Wards...

Q: Excuse me. S-c-h-n-e-i-e-r-o-s-n....

A: ...I'm not sure.

Q: And they manufacture for Penney's, K-Mart and Ward's.

A: And then they have another division that branched off from that called Dreamaway, which is a small sleepwear operation, that sells retail stores. But they're all owned by Kayser.

Q: But your... The company that you were working for just made the one category. Right?

A: Right.

Q: And you stayed with them for seven years, and learned a little bit about a lot of different things.

A: Right.

Q: And then what happened?
A: Then I went into the service. In World War II.

Q: Right.

A: And I was in the service for four years as an Air Corps pilot, overseas.

Q: Uh huh. And when you came out?

A: When I came out, I tried to go into business right away and there was an O.P.A., and you weren't allowed to make anything unless you had ....You were regulated by price. And I tried to make slips and petticoats like Fischer, because when I came from them, they were a high priced line at that time. But they wouldn't give it to me. I had to come to a base of... The lowest price was....They said it would be 16...I would manufacture at $16.50 a dozen. That was a $1.99 slip. So I didn't go into the slip business. But I found an item that I was able to manufacture that wasn't on the O.P.A. list, which was lingerie cases, which you put your lingerie in; you put your handkerchiefs in when you traveled. And that was in 19...46.

Q: Now, did you go into this on your own, or with a partner?

A: I went into it with a partner, yes.

Q: And how were you...?

A: My partner was inactive. He was just a financial...He was a 50%...He invested 50% of the capital, because I didn't have a lot of money.

Q: I was going to ask you how financing was done. I mean, it was a question of raising money from family or friends or...?

A: Well, I saved money while I was in the service. I was getting...In those days it was a lot of money. I was getting $510 a month, and no expenses.
Q: So you were able to save that. And your partner provided 50% of it, but he was not...

A: Plus more for credit to buy merchandise.

Q: And you worked through banks.

A: Well, because my partner was a piece goods man, and I had to buy the piece goods from him.

Q: Well, that's what I...Okay. Now, you're saying that he was inactive. He was inactive in your business, but he was....

A: In the piece goods business.

Q: He was in the piece goods business. And you did....

A: Not only was he a partner...a 50% partner for the profits with me, but he also sold me the fabric, which was very difficult to get in those days. You couldn't get fabric.

Q: Even though it was after the war.

A: That lasted about two years after the war before fabrics eased up. And when it eased up, then I bought him out.

Q: And did you come straight into this building at that time?

A: Oh, no. I went into...When fabric eased up, I went into business making slips and petticoats with a woman who was a designer in the business. And that lasted about two years. And I broke it up because we just didn't get along. The business was successful for the size business it was. But then I went back and I worked for one year with a firm that's not in business anymore, and in 1951, I think, I started in Valmode.

Q: How much capital would it take in those days to start a firm? Like this.
A: In 1951?
Q: Uh huh.
A: $84,000.
Q: $84,000. And what were your... At that point, what were your goals? How much business did you plan to do in a year, for example?
A: Well, I was looking the first year to do $1 million, which I did. In '51 I did $1 million; by 1955 I was doing $4 1/2 million.
Q: Would you talk about how, you know, how you functioned? Did you have somebody doing production? Did you do the administration? Did you do the selling and merchandising?
A: Well, at that time, in the years I'm talking about, we only did daywear--slips and petticoats--and I did the designing.
Q: Did you?
A: Yeah. It's not very hard to design slips and petticoats.
Q: Well, did you sketch them and have a patternmaker make them?
A: Basic bodies. It's just a matter of picking laces and embroideries... properly and how you apply them and how you price them, because price becomes very important; it's important that you be competitive.
Q: Well, now, you see, it's interesting. You had no technical training.
A: Huh?
Q: You had no technical training. No school training.
A: School training in what? How to calculate a garment?
Q: How to price a garment. How to....
A: That's fifth grade arithmetic.
Q: Tell me about this fifth grade arithmetic, which is much harder for some people than others.

A: Tell you what?

Q: You started your business in '51. And you did not have a partner at that point.

A: Yes I did.

Q: You did have a partner. I mean, now, what did your partner do and what did you do? How did you divide up your functions?

A: One partner sold, another partner was put in...had some of the money there. We were four people.

Q: You were. So the $84,000 came from four of you. And what did you do?

A: I designed. I was Sales Manager and Production Manager....

Q: You must have worked seven days a week.

A: Six.

Q: And...All right. Now...Could you tell us how it was that you ran your business. That's really what I want to know.

A: How was what?

Q: How did you run your business? How did it work? In '51. Because we're going to be talking about '51 on up to the present, and there have been a lot of changes.

A: Well, when I started out, I had to develop a sales staff. We manufactured in our own factory in Passaic, New Jersey. And we looked for items to make that other people might not have to get a foothold into the industry, with the stores. I was fortunate that I had background...I came
from a...Before I went into business, I came from a good company, and I was pretty well known to the New York office buyers, and the New York store buyers, and many, many out of town buyers. So when I went into business, it was easy for me to get on the telephone and say, "I'm now in business, would you do me a favor and take a look at my line?" And then I was able to bring them in and sell some of them. And it grew from that. I put salesmen on. And before I turned around, by 1955 I had 8 or 10 salesmen.

Q: Were these traveling or...

A: Traveling salesmen. Some of them lived in New York and traveled. Some of them lived in the territory. And, in fact, some of them are still with me.

Q: How did you feel about your salesmen? Were they allowed to carry other lines?

A: Yes, because at that time our volume wasn't that great. They all had sidelines. Today it's a different story. Some of them...We have our...We're a much bigger company. We have 20 salesmen. And we....I bought my salesmen up where salesmen that handle the big stores, only handle big stores, and other salesmen in the same territory, like on the West Coast for instance, I have another salesman take care of the small stores. The reason being that a salesman that's taking care of the big stores won't spend his money or time to go to small stores. And most of the small store business today is different than it used to be. When I was a traveling salesman and I went to the small stores, I went into every town and every store. Today, the way you get your small store business, mostly, is to have showrooms in the marts, which we do.
Q: Which are the marts in which you have showrooms?
A: We have a showroom in Miami, Florida; Dallas, Texas; Minneapolis, Minnesota; Chicago, Illinois; Los Angeles, California.
Q: Minneapolis is very interesting. I've never heard of...
A: Yeah, they have a mart.
Q: Do they have apparel there as well?
A: Yeah.
Q: I just haven't heard it mentioned. Uh huh. And, but...It sounds as though your salesmen work primarily out of their showrooms.
A: Correct. They get people in. They have shows. Maybe five times a year. Like there's a show starting in Dallas, Texas...I guess you're aware of the Dallas mart. It's starting this weekend....
Q: What happens then with samples? You have to give them each a sample collection.
A: Yeah. They all have samples....a full sample line.
Q: So that you may have...That's an expensive thing to do, isn't it? Make the whole...
A: It is very expensive.
Q: Yeah.
A: But you can't sell without them.
Q: So that you get...How many pieces do you make altogether, in this line, here?
A: We usually...The 20 salesmen have three dozen samples.
First of all, most of our offices are open all the time, so one line has to stay in the office and the sales....There's usually two people, a husband and
wife or two men... One would go out and sell, visit the small stores, and one would stay in the showrooms, so they have to have two lines. And then we also have to have extra samples around for production purposes to send to the different plants. And we also have to have a few every once in a while because a customer will come in and want to run an ad on it, and they have to have the sample right away. So we actually cut maybe an extra dozen for that purpose.

Q: So how many models do you make altogether?
A: In our line, in any given season? I would say somewhere around 100. Maybe a little more.

Q: And you duplicate that 36 times?
A: Well, three dozen....

Q: Ah...
A: It's all part of your cost.
Q: Yes. Of course. And you show... And how many times did you say...?
A: Five shows a year.
Q: Five shows a year.
A: It's January, which is spring.... Actually, if you start them by season, the November mart starts spring; January is still part of spring; March is....

Q: That's the extra one that you think shouldn't be there?
A: No. November and January are too close.
Q: Right.
A: January shouldn't be; it should be November.
Q: Right. That's what I meant. That this is the one that should not be.

A: That's the one that should be eliminated. They come too close. Because then you can go from November to March instead of November to January to March. And the March market is really a very early market for fill-ins for Mother's Day, which is the second biggest selling period in retail. And it's a big market for warm sleepwear. Brushed prints and flannels.

Q: And I think that's four. What was the fifth one?
A: I'm sorry. It's November, January, March, May and August.

Q: Uh huh. Okay. So, August is for....
A: Holiday line.

Q: Oh. Yeah. There isn't such a thing as a resort line in sleepwear, right?
A: No.

Q: The...How do you go about determining things like fabrics?
A: It's a matter of choice and feel. And also, we're very big suppliers of the major stores right here in New York City, like Macy's and A&S. And the buyers are in here, the New York buyers are in here at least every other week. If we have something new, we get a feel from them.

Q: Do you keep...In other words, you keep adding all the time?
A: Always looking for new things, yes. It's not like the West Side market. There isn't...We don't have a large scope of things we could do. First of all, we're in a business that really is primarily the cheapest price for the product that it is. When you stop to think about it...
Q: What is your price range, by the way, while you're talking about that?

A: I would say that our average price range is somewhere in the $20 retail...

Q: So that's $10 cost?

A: $9.50, $10 cost. And when you think, you're making a printed nightgown, a long printed nightgown, or a long laced trimmed nightgown or an embroidery for $10--that's very inexpensive, compared to the ready-to-wear market. And we can't move out into a lot of other fabrics because the public is used to these prices, and so are the retailers. We're in a very cheap piece goods fabric, compared to the West Side. I mean, you go to the West Side, they spend $3.50, $4, $5 a yard.

Q: When you say "West Side," you mean...

A: The ready-to-wear market.

Q: Well, these days they're spending $10-$12-$15 in moderate priced sportswear.

A: For fabric.

Q: Sure. But...So you are really pretty much tied into....

A: You can't move...You set an image...We can't sell a Neiman-Marcus or a Saks Fifth Avenue or Sakowitz Brothers. They don't want this price range. Our business is a Macy, Gimbel's, J.L. Hudson's, Broadway, Burdines operation--which is the big volume at the retail level. We also do 18% of our business with national chains.

Q: I was going to ask you if you sold to Penney's...

A: We sell the three of them; Sears, Penney's and Ward's.
Q: Do you also... You don't do private label.
A: No. Well, private label really is Sears, Penney's and Ward's. We put their label in, not ours.

Q: But you don't develop special collections for them. Or you do?
A: We do.
Q: You do.
A: We try to keep it separate from our retail.

Q: Tell me about production. Where did you used to produce, and where do you produce now?
A: Well, we used to produce in Passaic, New Jersey...
Q: Out of your own plants, or with contractors?
A: Our own plant. And we also at that time... as we grew we used contractors when we had more work than we could handle. Today we have 164,000 sq. ft. plant in Bridgeton, New Jersey.
Q: So you're still producing a lot of it.
A: And we also have a 40,000 sq. ft. plant of our own in Pritchett, Alabama.

Q: How do you spell Pritchett?
A: P-r-i-c-h-e-t-t? I don't know myself. I don't go there anymore. My son goes there.

Q: That's all right. Do you do any offshore production?
A: No. None at all.
Q: None at all. Is that the general....
A: There's a lot of offshore... There's a lot of manufacturing
over the years that was done in Puerto Rico. Haiti.

Q: Your firm?
A: Other intimate apparel firms. They still do it over there.

Dominican Republic.

Q: Nothing in the Orient.
A: Oh, they're importing from the Orient.

Q: But you don't. You don't do any production there.
A: I don't. To be honest with you...

Q: Uh huh. Please.
A: The Orient has not done any nylon tricot business, that I know of. They do flannels; they do cottons; they do woven fabrics. I'm in the knit business. Nylon tricot knit. They might get into it, but at the moment they haven't. That I know of.

Q: So that...Well...This is a comparative,..Just to make a comparison: In the apparel industry, including sportswear and also dresses but not so much in coats, almost 60% of the production now is offshore. Meaning the Orient.

A: Right.

Q: You're saying this is not true, generally, in the intimate apparel industry.

A: Well, it's growing, but there's none in the field that I'm in. My biggest business is nylon tricot. We do cottons, but we do our own. The other big area, that's very big, is flannels. I do not do flannels.

Q: The other big area offshore?
A: Offshore.
Q: And so... In what you're doing, you're saying there really is not...

A: I can't compete and make flannels against them. In fact, flannel makers recently closed their plants here and started importing it. But in importing it, it's not so easy, because... Like the May Co. stores, would send a representative over and buy direct... They don't have to have a manufacturer buy it for them and import it and then sell it to them. Macy's went over and bought their own... J.C. Penney goes over and buys their own. Hundreds of stores are going over on their own now. Through the Allied office, Atkins office... All... And they buy for all their stores, and they cut out the middle man, which is the manufacturer. He's not a manufacturer anymore. He's become a jobber.

Q: What do you think is the distinction that you can offer to make what you as a manufacturer do more meaningful than their going directly to the Orient?

A: Well, what I do is I make a fabric that they don't do. They haven't touched it. And they can't... They don't style. They're... Primarily they're buying basic things over there. There's very little styling to it. And some cottons are being brought in from India that I know of, and they're very high priced.

Q: When you talk about styling, do you have a designer?

A: I have two designers working all the time, right on the premises here. We have a big design studio.

Q: And have you ever worked in licensing? Does that have any meaning in your life?
A: You mean where I would license my name out?

Q: No. Where you would license a designer's name?

A: No. I never did it. It has not been successful in our market at all.

Q: Why do you suppose that is?

A: I don't think the designers that you can get a franchise with can design sleepwear.

Q: Well...I don't mean to be specific, except that I'm trying to...

A: None of them has been successful.

Q: No..Formfit Rogers, for instance, for a long time, has worked with Pucci.....

A: Pucci makes prints doesn't he.

Q: Uh huh.

A: You can't run a total sleepwear business on a couple of prints from Pucci. You need a whole assortment of merchandise to be important. ....I'm looking for the catalogue.

Q: Okay. Why don't you just tell me what goes into your sleepwear assortment.

A: Well, we make prints and we make lace trim. We make pajamas. We make baby dolls. We make long nightgowns. We make short nightgowns. We make short matching coats to match short gowns and long matching coats with the long nightgowns. And every once in a while we'll make a tap pant for a teddy. and that's about it. But we're into different designs and there's a lot of designing. The strength of the line is in the design, because you're
limited to fabric.

Q: Do you work close...Do the mills ever come up with anything that...

A: Yes. We had a very good year in 1981, where one mill came in with some beautiful sheers, and we introduced them to the market and we had a fantastic year out of them.

Q: But they're not...Are they doing much at this point?

A: No. It faded out. They might come back again. The market ...

...I started it and we did a big business, and then everybody in the street started making sheers and the stores over-saturated their assortments and they got hurt. Which is a normal thing that they usually do when something new comes out. And everybody jumps into it.

Q: Yeah. Now, I was thinking about the amount of research and development that the mills might be doing. Are they doing enough, do you think, at this point?

A: They are, but it's very difficult because we're in...As I said....We're in a very low price fabric market. Now, you might have spoken to Eve Stillman. She buys very expensive fabric, but she makes very expensive garments.

Q: Yes. Right.

A: But the volume that we do is based on the fact that this is what the average American woman buys. That price range. I mean, they.... People doing the very expensive garments can't do the big volume. It's just like on the West Side.

Q: But...
A: We cater to the average woman. Not the rich.

Q: In the production facilities that you had set up for this business--for Valmode--starting in '51, have you been part... Have you been a part of ILGWU?

A: No.

Q: It's not a unionized operation.

A: What's that?

Q: You are not part of the union? No. And your plants out of state are not either?

A: Well, if I was, they would have to be. You can't split it that way. We are not.

Q: Have they attempted to organize in this industry?

A: A couple of years they did, but they've never been successful.

Q: It's interesting, because sometimes they have played a role in people's going offshore or not going offshore.

A: Oh, there's no doubt about that. It happened in this industry in a lot of cases.

Q: What happened?

A: Where the union got after them and they moved out of town, went overseas. Like to Puerto Rico. Or the Dominican Republic or Haiti.

Q: What happens to quality control when they go to places like Haiti and the Dominican Republic?

A: It's very... It's much more difficult than when you have it right under your... When you can be an hour or two from your plants. And where
you can get... It's not even a case of you, meaning me, that I have to go to the plants; where you could get good supervisors to live in Puerto Rico. Or Haiti. Or Dominican Republic. That's the big problem. But in the States you can get real good help and it's a case if they want to move from Tennessee to Alabama or from New York to New Jersey. There's no problem. The big problem has always been, offshore, management. On the scene management.

Q: At this point, you have, really, almost all your facilities right here, except for the production, which is done in your plants.

A: We do our designing, our accounting, our computer. Our salesmen deliver in the area here. But I...

Q: And your distribution. Of merchandise. Your shipment...

A: Cutting, sewing and shipment is not here. No.

Q: Oh, it's not here. Where is it?

A: Out at the plants.

Q: Uh huh. Right. Including the distribution.

A: Out at the plants.

Q: Uh huh. So that...

A: There's no merchandise here. Only samples.

Q: At what point in your business did you decide to do all your shipping from outside this area, too? Because I assume it was not always that way.

A: I always shipped... When I was only in... my little plant in Passaic, New Jersey, I shipped out of the plant. I've always been shipping, since I've been in business, out of the plant.
Q: Let's talk a little bit about your store relationships. How have those changed over the years? Or have they changed?

A: Well, the market sort of narrowed down to the top few. It seems that...That's why there are so few manufacturers left.

Q: How many are left?

A: Well, of my competition that are meaningful, maybe there's...

...In my price category, there may be five.

Q: Really?

A: Sure. That are meaningful. You know, doing a sizable amount of business with the big stores.

Q: And you're talking primarily about...

A: I'm talking about the big stores. There are more...There's firms...like O'Brien Brothers doing a tremendous business. They do all the mama and papa stores. Small specialty stores, which is a dying breed. Every time a branch opens of one of the major department stores, they knock out three or four small stores in the area. Plus the financing of small stores is very difficult, and the bankruptcy rate, in the last two years, has been tremendous. There's no stability to it. I would say if you take--including when I say five or six that are meaningful; big enough volume to be meaningful--We're talking about five or six.

Q: In this price.

A: In sleepwear, in my price range.

Q: I see. Right. Okay.

A: What is called a traditional department in the department stores. They have a contemporary department, a designer department, an up-
to-date department. That's another name—they all use a different name
--So there's really two departments. And then, of course, there's a
junior sleepwear business. Which is a very small segment of this busi-
ness. It is dominated by one firm.

Q: And that is?
A: Jennifer Dale.

Q: Jennifer Dale?
A: Right.

Q: All right. That's in sleepwear. Could you do the same
thing for me...

A: In daywear? Oh yeah. That's dominated by Vanity Fair.

Q: Which is a huge company, isn't it?
A: Vanity Fair, the last figures I saw--I happen to know the
figures because I own stock in it and they break it down--Their intimate
apparel is...'81 I think is $139 million.

Q: And Van Raalte?
A: Van Raalte's out of business.

Q: Oh. Excuse me. Well, then...In...You're talking about
bras and girdles when you say daywear. Right?
A: They have the four categories.

Q: All right. Where do you put a firm like Olga?
A: Olga is...I know it's around a $60 million company.

Q: And that's in the better area.
A: We consider them better. Yes.

Q: Right. Okay. So...
A: And they make bras, daywear and sleepwear. They're in three categories.

Q: OK. Is the fourth category leisure wear?
A: Robes.

Q: And robes are part of leisure wear?

Q: Okay. In other words, you're saying that leisure wear is different, apart from...

A: Well, leisure wear... You're talking about lounge wear...

Q: Lounge wear. Yes.
A: Robes and lounge wear... Robes and lounge wear are one, really.

Q: Okay.
A: The robe houses do lounge wear.

Q: So leisure wear, as far as you're concerned, is things like jogging suits. That's an entirely different segment of the industry.
A: Right.
Q: But essentially this is really now, or always has been I guess, a very small industry.
A: It still is.
Q: It still is... Yeah...
A: When you relate it to ready-to-wear... I have figures on it that I got through the A.M.C.... The average store in sleepwear, just the one category, is like 5½% of total ready-to-wear. So if you took intimate apparel in the four categories, it might be 20-22%. (There's a big guess)
. . to total ready-to-wear.

Q: Uh huh. I'm sorry. You were starting to tell me with your relationships with the big stores...

A: We became a major vendor. We get analysis... How I get them I'd rather not say... But I do get figures from all.... what the stores are doing. And when it comes to the big store operation, we've always been the ... in the last three, four years, been number two vendor to the major stores.

Q: Who's number one?

A: Miss Elaine. They're number one.

Q: And when you work with the stores.... Would I be correct in saying that at this point catalogues are very important?

A: Catalogues?

Q: Yep.

A: Yeah. The major stores do two catalogues--spring and Christmas. And you have to contribute, naturally.

Q: Yeah, yeah..

A: But we have a policy. A certain percentage of your purchase is towards advertising.

Q: And you consider the catalogue as part of the advertising.

A: Yes. Uh huh. Any advertising that's out of... We wouldn't do television, it's too expensive.

Q: No, it's interesting, because catalogues seem to be growing so.

A: Oh. Are you talking about mail order?

Q: Mail order.
A: Oh. I don't have any mail order catalogues. I'm talking about store catalogues.

Q: Oh, I am too. But it means that the store catalogue goes out to customers to be mailed back. And you do participate in those, is what I...

A: We let them use the money as they please. If they want to do newspaper or they want to do catalogues. In other words, if the store buys $500,000 a year, at 3% you can get $15,000 to do advertising.

Q: And you don't have a special program for catalogues. I mean department store catalogues...

A: It's all one. They can do anything... They can do catalogue or they can do newspaper. That's the only two avenues they have.

Q: Okay. Talk to me a little bit about the succession in this business. This is obviously going to remain an entrepreneurial business. Because you've got family.

A: Well, to be honest with you, in 1969 I had sold my business.

Q: Oh?

A: I sold it to Cluett Peabody, which is Arrow Shirts. And I stayed with them for eight years as President of the company, under contract. And I bought it back in 1977. And I have one son who has been with me 13 years. And he runs all the production in the plants. And I have one son who's been with me seven years now. Eight years. And he's Sales Manager, head of Computer, head of Accounting, Administration, and...

Q: So that their skills complement each other....
A: Right.
Q: Which means that..
A: And the third one's coming in in March.
Q: And what will he...?
A: Well, he's going to be trained, because the second one has got too much to do, so we're training him to be a Sales Manager, and he's been working in another company. He wanted to see what he could do on his own, and he's done exceptionally well. He's Northeast Divisions Sales Manager for a very large, $80 million company, and he's coming here to be Sales Manager. Future Sales Manager. It might take about two years.
Q: So you have that nice, very unusual situation of being able to count on your family to succeed you.
A: Yeah. I've always wanted...I had a lot of children, and I wanted a family business.
Q: The trick is to get them to want it.
A: So far the first three are perfect for it.
Q: Are there more?
A: I've got six children.
Q: Have you? Well, maybe the business will grow large enough to have six people in it.
A: They'll all have a share of it when I'm gone.
Q: I mean six management roles.
A: Yeah.
Q: Well, that is interesting. And that is very unusual. I am interested to know, how was it working...What were the differences work-
ing as an entrepreneur and working through Cluett Peabody?

A: It was like day and night.

Q: Could you tell us a little bit about the differences between working as an entrepreneur and working under the auspices of a company which owns you?

A: Well, I can only relate it... The best way I know is that working as an entrepreneur is working for yourself, with your own investment, your own future, with the total responsibility for your success or failure.

Q: And with the risk taking very high.

A: Right. And working for a public company is like being an employee.

Q: Where you have to go and get permission for....

A: You've got to be there 9-5:00. You've got to answer to them, just like an employee. And you can be fired. You can be overruled. That's the simplest way I can put it.

Q: How about long range planning?

A: You mean with a public company?

Q: Yes.

A: The public company wanted five years of strategic plans... which in our type of business is ridiculous.

Q: How far ahead do you...?

A: One year. I plan one year.
A: Look at 1980....conditions in United States were good; and how can you plan '81, '82, '83, '84. Look what happened in '81 and '82. So how can you plan? So, actually, what they're doing...They're doing a five year strategic plan, in the big corporations, and when the year is up they set another five year one; they make their corrections.

Q: How much time did it take...How much time did it add to--or did it?--to your administrative time? How much time did it add to your work load? When you had to make reports and all that kind of thing?

A: My work load was much less, because I didn't have the incentive. I was secure. I had a lot of money, big interest in a big corporation that I sold it to. I had my dividends on my stock. I had a huge salary with a contract. The initiative was gone.

Q: Why did you buy yourself back?

A: Well, it was a personal thing, why I sold in the first place and why I bought it back. It really had something to do with my personal life. I would have never sold it if it wasn't that I had a problem in my personal life.

Q: Uh huh. But when you bought it back, having a family, as you do, I would think might have affected the fact that you wanted to buy it back.

A: I always wanted the company.

Q: And now that you have your sons in business with you, I would think that some of the initiative has had to come back.

A: Oh, definitely. Our profit picture is much greater than
when we were with the corporation with all the money in back of it. Because it was my own again. I wasn't an employee anymore. My money was on the line.

Q: Yes.....Have you...How long have your designers been with you?

A: I have one here right now that...I think he's here nine years. Eight or nine years. And my wife was a designer, and she was here 25 years. She's not working now, anymore. I do the merchandising. ... They shop the market for fabrics; they come to me, "What do you think about it?" I say, "Yes," or "No. Try it," or, "Don't try it. It's not our price range." Or, "It won't go. It's not suitable." And I do the pricing and the merchandising of the line.

Q: Do you still maintain your contact with the stores, so you know what stores want?

A: I'm in the showroom all the time.

Q: Do you ever go out to the stores?

A: Yes. A lot of times. I go to the West Coast. I visit the stores we're selling. I go to Texas. I go to Florida. I go to Minneapolis. Not as much as I should. That's what I want my son to be able to do. I really don't need it. I don't want to do it anymore.

Q: Right. But it used to be that manufacturers of various products could get quite a lot of guidance from buyers. How do you feel about that today?

A: You must get it. I get it from my New York buyers. And I get it from my out of town buyers too. From my Broadway department store,
where we do a tremendous business. From J.L. Hudson. We sit down and we talk. They give me guidance. They're good sounding boards, too, for what we think.

Q: Just to get the level of executive correct....Is it the buyers you talk with, or the merchandise managers?

A: Buyers.

Q: Buyers.

A: Merchandise men do not know merchandise. They know figures. They've come up through the ranks, and they were a buyer at one time, and then they were...They might have...A woman might have bought dresses, and all of a sudden she becomes a divisional merchandise manager of sleepwear.

So actually it's the buyer on the scene that you really have to talk to. She knows from day to day what colors sell best for her; and what body sells best for her; what fabric sells best for her. She knows what is the best price range. She's got a computer in front of her all the time. The merchandise man or lady says, "You're off 18%, or you're up 12%. What's wrong?"

Or, "You're doing a great job." And the merchandise people come in and talk to me. GMM's and divisionals and presidents of stores. But they talk on the basis of "How can we improve our business? We're doing a super job with you. We did X amount of business, which is big volume. You're a big percentage of our business. What can we do to continue? To do more?" Or some of them come in and say, "We're not doing enough with you, because, we're in an office and we see the records of the other stores in our office--such as Allied, May Company, Associated Dry Goods, Atkins--They see all the reports and how much we do with other stores; and "Why aren't we doing it? What would you
recommend we do to get our business up to that level of the other stores? After all, you're the second largest vendor of our whole office, and the other people are doing so well? Why are you doing so much with Burdine's and Hudson's? We're as big as anyone up there?" And I sit down and talk to them.

Q: Yeah. So you do get a...

A: Well, we're in a different position than most companies. It's a small industry. There are three or four or five people that do the bulk of the business. And if you want I'll show you some of the records. I won't let you have them, but I'll show them to you.

Q: No, I'd rather hear about them. Yeah...So you're saying you do get a lot of feedback from stores. Because that's very unusual these days. I don't hear that from everybody.

A: You know why? Because there are so few vendors that they've got to make sure that they get what they want from the few that are available. I don't think they sit down with Vanity Fair, because they're so big they're afraid to talk to them. How do you sit down and talk to a company that does $600 million, and tell them this is wrong and this is right. I'm so close to these people that they can say, "Hey, Mel. You're wrong. You're right."

Q: Yeah. The feeling, certainly, that I get, assuming this market is related at all to the others, is that there are...There is very little of this kind of exchange. There used to be, years ago.

A: They say there's no exchange? In the other markets? Or little?
Q: Very little. Because buyers move on very quickly.
A: That's the big problem. That's true. They do.
Q: And that's true even in intimate apparel business.
A: That's a big problem.
Q: But you still have your spots, obviously, from which....
A: Well, once you are a major vendor to the store, the changing of the buyer doesn't really affect you. To a certain extent it does, but small. When you're doing half a million dollars with a store, and you're the second largest vendor, they're not going to drop you. Because they're...
Q: No. But they're no longer going to give you the information if the buyer is no longer the buyer who was always on the floor and knew...
A: Well, if it's a buyer that came from the dress market, I don't even want to talk to her. I wouldn't take her...She doesn't even know yet what's good for her department...
Q: But I guess what I'm asking is are there still enough buyers whom you could...?
A: Oh, yeah. Sure. Because the best buyer in the market is like 20 years on the job and she's not going anyplace. She doesn't want to go anyplace else. She's in here every two weeks. And we're a very big supplier of hers. And it's important that she talk to us because she wants to make sure that she can still sell enough of our goods.
Q: If a young person came to you for advice about this business, how to get into it or whether to go into it and on what basis, what would you tell them?
A: It's a very stable business. It's a marvelous business.
You will find that the life span of the firms in this industry of intimate apparel, I would say is four to five times longer than the West Side market. I would say that as an employee, the jobs are more secure. There are very few bankruptcies in this part of the city. Meaning the East Side, which is the intimate apparel side. You might find some young people going into business undercapitalized and would only stay in—which has happened in the last year or two—maybe two or three firms that went in under-capitalized and went out in six months to a year. But the old time firms are all here, in good times or bad times. It's not like the West Side at all.

Q: If a young person were to want to come into the intimate apparel business, do you suggest starting as an employee?

A: You must. You're not going to come in with no experience. To go into business.

Q: Well, when you went in....

A: Where are you going to get your schooling? To run a business? If you don't know anything about the industry?

Q: So you're saying get a job.

A: You have to.

Q: Any job.


Q: Is there creativity here?

A: We don't have enough creativity. The problem here is a lot of the kids who are graduating from F.I.T.—which you're talking about—They immediately go to the West Side. And they float from one place to another.
The resumes I get; three months here, six months there. If they're a year it's unusual. But in this market, if you hit it, you... The market is so short of talent that they would have no problem doing well in this market. It might not pay as big money, but at least you have the security, with a decent salary. But you can always work. And usually, if you do well, you stay with the company. And like I told you, my wife was an employee before I married her. She was here 25 years. I got a girl here, a young girl; nine years she's with me. It's unheard of on the West Side. This is an excellent place for them to come to. There's room for pattern makers out of F.I.T. All the old pattern makers are retiring. There's talent needed. It's a much more secure job because the major people in this industry have their own plants and they have their own pattern makers. On the West Side, they're in and out. They're not in business long. They don't have their own plants. They contract most of their goods. It's a different business altogether. There's a lot of security here. Even though it's a small industry.

Q: Right. Right. Okay. Just one last thing. Tradition, certainly on the West Side in the ready-to-wear markets, has been a lot of work, pro bono work, philanthropies and so forth. How does that relate to this industry?

A: Same thing.

Q: Same thing. So that you are equally active as an industry in all those ventures?

A: Oh, sure.

Q: Right. Okay. Thank you very much.
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