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THE FASHION INDUSTRY LEADERS

JOHN POMERANTZ
(as part of Fred Pomerantz Oral History)

LESLIE FAY, INC.

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Mildred Finger
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ORAL HISTORY

OF

FRED POMERANTZ AND OF LESLIE FAY, INC.

AS PERCEIVED BY SON JOHN POMERANTZ

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Q. John, could we just begin back a little bit and tell me when you first got into this business and what you did when you were in it?

A. I started in nineteen fifty-five when I graduated from Wharton School, I went to live in Wilkes Barre, Pennsylvania. I lived in a factory, we had an apartment in a factory. I lived there for about a year doing all sorts of jobs, I went through every type of job and ended up being the Assistant to the President, to the General Manager, I guess he was then.

Q. Was that Zachary?

A. Zach Buchalter, yes. Then I was called in when our piece goods buyer in New York had a heart attack and died and I came in. I bought piece goods for a little while. Then I started working at Leslie Fay as a trainee, for Irving Shenendorf, who was my father's, I think, first employee. He's been here about fifty years now or forty five years. And I worked there for a while, I don't remember how long, got into sales and then twenty one, let's see twenty one years ago, so that would be....

Q. Nineteen sixty.

A. ...Nineteen sixty, I guess in nineteen fifty nine I opened up Joan Leslie. In the middle of nineteen sixty we moved over to Seventh Avenue to 530 Seventh Avenue on the fourth
floor. In nineteen sixty one, I believe, or sixty two, we got Kasper to join us. I ran Joan Leslie until nineteen seventy one.

Q. You were President until then?

A. President of Joan Leslie. We opened up J.L. Sport and I became Executive Vice President of Leslie Fay in about nineteen sixty eight. I don't know the dates but....

Q. By then you had been, you had already gone public, right? You were on the Exchange?

A. We went public for five years but no one, no one knew who I was on Wall Street. And I was really an Executive Vice President, I had the title but I didn't have the game. And about ten years ago this coming December, Zach died....

Q. Nineteen seventy two, that was?

A. Yes.

Q. Or the end of seventy one.

A. Seventy one, yes. So this will be my tenth anniversary and I became President in December.

Q. President of Leslie Fay Inc.?

A. Of Leslie Fay, yes.

Q. Which is the total company?

A. Yes, right. I guess we were doing about eighty five million dollars now, something like that, mostly in dresses. Just, I think we did have one sportswear company.
Q. When did you begin to diversify?
A. I guess we started to diversify in nineteen seventy two. I haven't got a timetable, because, you know, how we did all this but we really started getting into sportswear in a major way.

Q. Well, in nineteen sixty two when you went public, it was just Leslie Fay Inc.?
A. Right, I mean....

Q. Right, one company?
A. I think we did sixteen million dollars or something like that. I think it was Leslie Fay, Briarbrook Suits at the time, and Leslie Pomer might have been with us then, half sizes. I think that's what it was. I don't have the figures but I know that's what I think it was. We, we just started branching out into other fields, into other areas.

Q. Acquisition or by internal opening of divisions?
A. Both. Mostly internal. We acquired Personal Sportswear. Now I don't know the date of that but I guess that was before I became President. It was doing, I think, eight million dollars and it started to do poorly so we tried to sell it back to the family (from whom we had bought it). And through a combination of events which involved using double knits from our knitting mill at the time
and changes of management, and bringing Alan Golub, who was the son of the founder into a more powerful position, we started to really grow with Personal. And from Personal we branched out into Breckenridge Sportswear, which has become a major factor, and then we had J.L. Sport; we opened up Fay's Closet a couple of years ago; we bought Outlander about five years ago; we bought a company called Nativo about five or six years ago. (Those are two sweater companies). From Breckenridge we opened up a company called Victoire, which is sportswear. So today we probably have more sportswear companies than we have dress companies. We do have more sportswear companies than dress companies and we have... But that..., I still think we do more dress business than we did before, when we went public or when I became President. So even though we've grown our sportswear tremendously, we still do more business in dresses than we did ten years ago but with fewer companies.

Q. What do you think were some of the differences in techniques that you're using today as against the techniques of ten years ago?

A. Well we've obviously become more, not automated, but more dependent on data. We've learned to use data better, more efficiently, we've become very efficient in our
collection area. I think what we've tried to do....

Q. What do you mean, what's a collection area?
A. Collection is working with the stores to get paid.
Q. Oh, right, yes.
A. And what we've, I guess what we've tried to do and when we are successful this is the making of a successful company, is to use modern information and yet use it in a way that the certain talent that the individual has, the individuality of what makes him tick, can still be used. It can't be a strictly automated business, it's got to be a business with a heart and you can't take that away but you could give that man more information, basically....

Q. When you say that man, you're talking about the heads of each of the companies?
A. The heads of the companies, yes. Basically the other thing is we've gotten big, we've gotten respected. We always were respected; I could tell you that, but a new generation of retailers has grown up and I guess the important part is that they've kept that respect. I was thinking about it the other day because if we go private my father's been in business for sixty years and there's a possibility that this company could become a hundred year old company in a, you know, in a field that really is not known for that kind of a business. There's a,
there's a saying in our business that you should close every seven years.

Q. Oh, really?
A. Yes. Because it's....

Q. I never heard of that.
A. ...Hard to keep doing business and the overhead goes up and you can't keep making the money but it's a great industry and there's a chance for someone to come in with no money and do it but it's also an industry today that's starting to recognize bigness. And I guess the strengths that we have..., we've been able to attract people, we've been able to surround them with the proper information and the proper balance that gives them the opportunity to make money for us and for themselves.

Q. What is your philosophy about advertising? I notice that in French Vogue some years ago there were ads by American companies including Joan Leslie and Leslie Fay?
A. My philosophy about advertising is you can never do too much of it but it's got to be proper advertising; it's got to work arm in arm with the marketing part of the business and I don't think it's enough to just make an image even though I think that's important. But in some of our companies, we're in the moderate to better field and, with the exception of Kasper, we're not in the designer
field, so we have to try to make an image for that company but we got to sell a lot of merchandise off it too because our business is to grow. I think advertising helps you grow. I think some of our divisions don't use it right and I'm trying to get them to but it's an individual kind of thing. Basically in a company our size, where you are hiring people, or giving people the responsibility of running their companies and spending the money and unless you want to sit there and make every decision for them, you can't just make some decisions, you have to let them make them all; sometimes they're good and sometimes they're not. And I encourage, one of the things I try to encourage is advertising techniques because I believe in it.

Q. Each of the companies is run individually?
A. Uh, huh.

Q. And some of the companies vary from each other in terms of basic policies?
A. Some of the companies could vary as far as basic policies, yes. I haven't set a complete corporate policy in everything we do because I'd be restricting them and I think that's been..., some of the problems that have happened in this industry is when companies larger, who are not used to being an apparel company, try to set guidelines that are not based on our business. Basically, we have
fifteen companies that come to market five times a year. So that's seventy five markets.

Q. You mean they make seventy five collections a year among....

A. Yes. Five collections a year, fifteen times, that's seventy five collections each of them averaging sixty garments. So basically I'm coming out with anywhere from forty five to fifty five hundred items and it's just something that can't be completely legislated so....

Q. Each firm has it's own showroom?

A. Each firm has it's own showroom. A lot of companies don't do it that way.

Q. Yes, that's why I'm interested in what you're doing.

A. And it's very much..., this is more expensive but I believe that if one guy tries, one man tries to do too much he's going to end up ruining both companies so we try to have each company with it's own firm, it's own sales people, we don't like to have them share, we like the company to stand on it's own.

Q. Are there separate designers?

A. Separate design staff; separate production staff and separate sales staff.

Q. So that's what holds it all together as a corporation is that, e.g. where you collect information, I assume that that's a centrally operated function?
A. Uh, huh. The central operating functions: we do share shipping quarters, we supply all the accounting and all the financial and all the data processing; all the legal work; basically that's what the corporation does. The corporation is very thin, it really consists of myself and an Executive Vice President and a Senior Vice President who's an operational guy and my father and Walter Lyder, who's the Executive Vice President, is the head of all our financial arms and that's a big job. Allen Golub is the Senior Vice President of Leslie Fay Sportswear group, and he's got four or five companies reporting to him. We just made Norman Feinberg, who you may or may not know, head of the sweater divisions, which is just two divisions, Nativo and Outlander, and he was running Nativo, so they'll both report to him. And then a few of the companies....

Q. And the dress divisions....?

A. ....Report to me. And some of the manufacturing arms, it's not a tightly structured organization with a consistent chain of command and obviously, I float in and out of all the companies and there doesn't seem to be any feeling of uncomfortableness with that.

Q. You float in and out of all the companies, that means that you have d..., do you have formal meetings with
the heads of the companies? Yes.

A. Uh, huh. We, what we do, the way we gather our information is we get daily sales information and daily shipping information. We have weekly sales and weekly shipping; monthly financials that we discuss with the division heads but they discuss it with their people; quarterly financials that we have a meeting with each one from corporate, you know, and the division head; and a very formal six month plan.

Q. At which point you plan for the following six months?

A. We plan for the..., now we plan, no that six months is probably in, we might plan for the following six months after that. But we really go over, six months we really go over figures with a much stronger feeling of what it is because we feel that's a longer period--one month--it's very difficult in our industry because shipments could fall on the first of the next month instead of the thirtieth of this month and change the whole pattern but we feel six months really gives you a pattern of history. Then we compare it against budget and we compare it against actuals last year. We have a long term plan but our long term plan is not, is not that long. With....

Q. It's not five years?

A. No.
Q. No.
A. We can't plan it for five years. We know where we'd like to be maybe but we don't know how we're going to get there. But we know where we'll be, we know where we're going to be this year, we know where we'll be next year but, we know where we should be next year, we, we don't always achieve our plans.

Q. Well now, with something like the acquisition of Head, which is an acquisition, not something which has grown up out of the, out of the....
A. It's a major, it's a major acquisition.

Q. Right. That would be, I assume, something that was planned well in advance of the actual happening?
A. That's been six months in the works and very tough negotiations with AMF but very, you know, fair, that's the biggest thing we've ever tried to take on. We felt that they needed an apparel feeling about their, they were being run as an AMF; AMF was more strict and what we're going to try to do is just take the reins off and look at their products, try to get them into products, try to go over their, you know, who their people are; and their methods of distribution but that was something that, I can't tell you we planned to buy Head, but we, the short term plan was to get into the active sportswear
business.

Q. So that's really how it started?
A. And we approached Head with it. We approached AMF, rather, they didn't approach us.

Q. Uh, huh. Is Alex Shuster still there?
A. No. He's resigned.

Q. He's resigned. So that...
A. He resigned the first day we took it over; he didn't want to work for us.

Q. So you'll be putting somebody else in?
A. Well they have a President of America and they have a President in Germany and we don't know what we're doing to do yet; we're going to just look at it and make the people comfortable and see what it is. There was no sense examining it until we owned it. It seems that they were meeting with Alex Shuster the same time they were meeting with us and he was hurt and disappointed--he didn't want to work for us so... You know, if someone doesn't want to work for Leslie Fay, he doesn't have to but we'll make another Al..., we'll make someone better, hopefully.

Q. I'm sure, I'm sure. Tell me something about going private at this point because it does make you one of the first.
A. Well, it's a very interesting situation here, we have
an eighty-one year old Chairman who has twenty..., with his family, excluding me, he has about twenty-five percent of the company. We think, and always have felt, that this is the best apparel company. I think we've exhibited, we've never lost money, even when we closed our knitting mill we made money and....

Q. When did you close the knitting mill?
A. Two years ago.
Q. You decided that there was no point in having that sort of an operation?
A. It was the wrong thing. It was tragic that it was the wrong thing but I guess the lesson that it teaches you is that this business has a lot of changes and the successful people are the ones who change. Companies that have such a big capital expense get hurt when something like that happens and I guess it's made me a little wary of really putting a lot of capital into one area now. But, meanwhile we made the money, we became, we were still profitable, we closed it. Five years ago, I guess it was, we closed the men's, our men's part of the industry and we....

Q. That was John....
A. John Pomer Knit, that was a major thing to close too but we felt that we weren't going to be successful in
it and we made money that year, we just didn't make as much as the year before. And we think that we're a company that's a little bit above everybody else's but we haven't been able to tell Wall Street that. You know, we've been able to tell them but they haven't been able to listen for some reason. And it just was a company that no matter what we did, and we're doing, we're going to make a lot of money this year, the price of our stock wouldn't rise. And I was concerned, the original plan made it, we were talking a little about maybe retiring my father's stock but then that would have left us with a chance for someone who's unfriendly to pick up the company and I think that this company really is a company of people who want to work for the same people they've been working for. And this gave us an opportunity for my family and the stockholders to get what I think is a very good price at today's market and it gave us, it gave management a chance to come back and run the company. And which I think everybody wants, you know? I think the retail community wants it and I think that certainly the people that work for us want it.

Q. So you feel that there are advantages to being private, that you don't have to report to all kinds of extraneous...?
A. Well that's time consuming and it's certainly not important to an apparel company to do all the things they have to do to become public but you just let people do it. I don't, I don't really feel that, that was a, it certainly wasn't a detriment. If anything, I think it helped us to grow, being public.

Q. Well, financially I should assume it would have helped, it did help. That is to say there was....
A. Yes. We had the money to grow.
Q. Uh, huh. Right.
A. But this way, I don't know, everybody is telling me that this seems to be the best of everything. The stockholders are happy, my family, I guess, is fairly happy; I think that the concern that my father's not going to be involved and I have a chance to stay with the company and run it which I think I'd like to do, obviously, and right now it's the best of all possible worlds. We have....

Q. Is there going to be a third generation, do you think?
A. I only have daughters, I don't..., my oldest is seventeen, I don't know if she wants to come into the business. I do have a nephew who's in the business and who's twenty nine or thirty now--my sister's boy....

Q. Uh, huh, right.
A. ...Andrew Gross, who's probably the smartest man in the
whole company already, and he's running a small new company we just built, Personal Petites, petite sportswear. And as he grows, I would hope he would hope he would have the opportunity, it's not going to be handed to him but I..., it wasn't really handed to me either.

Q. Yes, I'd like to know, that's a major interest that I have in this whole discussion; what was your, I mean, how did you feel about all this when you were growing up and....?

A. I always wanted to do it. It was something that was in my blood. I guess what happened with me is that my father and I just, in business at least, we didn't see eye to eye on anything and I had to try to do it on my own, I had to go away from him and try to at least show someone that I could make it on my own.

Q. Is this why you went to Wilkes Barre? Is that....?

A. No, no, this was why I opened up Joan Leslie.

Q. Oh, I see, yes.

A. I remember graduating college with a degree from Wharton which is not an unimportant thing and I said to him, now I want you to teach me the dress business and he said, I don't teach, you learn. And I guess you don't really teach in this business; you got to learn it. I had a lot of tough times.
Q. Like what?
A. Like, we almost closed Joan Leslie the second year it was in business; like not talking to my father for a year or two. Really doing on my own, building up my own, my own career. I didn't get any help. But that's the way it should be when I look back at it.

Q. This appears, this is a business of entrepreneurs, isn't it? I mean it really....
A. Yes, yes, it's not handed to you, you got to go out and get it. Some of the people in my generation are doing a nice job now; I'm happy for them. But I think today we're respected and I think I've earned the respect. You know, I would hope my father understands that, but he finds himself in competition sometime. He doesn't even know we, I mean, he does know obviously, but we had to come as a result, like you say, he really is interested in Leslie Fay.

Q. Yes, he's very proud....
A. And Leslie Fay is having the best year they ever had.

Q. ...Extremely proud of you. And Leslie Fay is having a big year?
A. Yes. Let me tell you how I see, how I view the industry. I think what he did was incredible; I could never think of doing it. 'Cause this, the history of our industry is,
it's not always a pretty history and it needed tough people, strong people and he didn't have education and he did it and he turned it over to me and I.... He didn't turn it, he turned it over to someone else who I inherited the job from.

Q. You're talking about nineteen seventy-two when Zach Buchalter died...?

A. Yes, yes. I don't think that, I think that I was the right person in nineteen seventy-two to run this company. I've brought it to where I'm going to bring it to and then the next guy that's going to come over and I'm going to let run it, I'm going to look at him like everything he's doing is wrong. But, I guess that's the way it is because the sophistication is so different today than... You still need, you still need that talent, that entrepreneurial talent, that design talent, whatever you want to call it but it's only really great when that talent blends with the sophistication and that happens once in a while. It's nice to see when it happens. We're just a company of people, maybe not the best people in every spot. I don't know. I try to attract very good people, I pay well, they make a lot of money here. I've never felt that I had to be the highest paid earner in Leslie Fay but....
Q. Have you got a policy of bringing them up through the ranks or do you do a lot of hiring from outside?

A. We do both. We do both.

Q. Both?

A. Yeah. And I think we've learned a lot from the outside people but also the outside people learned a lot from us. But I think, on a whole, we've attracted better people than other big companies and I think that we're a combination of talent and, and we still, we still care, and I think that's nice. I don't think some of the stores we sell care today. I don't think that we've developed into that hard nosed "business at any cost" kind of a thing that some of the people we're doing business with have today but I guess we're getting there.

Q. Tell me something about the policy of selling one store in a city, for example, do you do that in some of the divisions, in all the divisions, or in none of the divisions?

A. We police who we sell but I don't think we confine. If a city's small and we don't feel we could get, you know, we feel it would be not self-serving to sell more than one account, we'll only sell one. If the population is such that we felt we could do well just selling two
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accounts. But when you talk about big cities we really don't confine. We might have one or two confinements but I don't know about it. But we try to go after the best stores and we try to make sure that they, you know, we don't have break dates and things like that but what we try to do is sell them enough so that we don't have to plaster our goods all over the city because I don't think that's a good idea.

Q. What happens if you acquire a company that has policies different from your own? One of the things that was a bit unclear in my mind when I talked to your father is this whole thing of exclusivity. Which was apparently a selling device....

A. At the beginning....

Q. Okay, right, right.

A. ...That's the way he opened Leslie Fay, yes. Well that was because Leslie Fay was a child of his company called Pommette.

Q. Right.

A. And to differentiate he tried to do it that way but then he found that it was..., he wasn't sophisticated to check on it and the stores weren't growing enough so that's what he... And they would, you know, he, like he said, I'm not the businessman, even though he was a great
businessman and a great seller. He wasn't the record keeper that could see if the company was doing a hundred and ten thousand or ninety thousand. And he just, he started it that way but that's definitely what he doesn't, he doesn't care for that and we don't do that.

Q. What about this business of requiring that stores buy a certain number of styles? That was a policy for a long time. Is it still a policy or is a policy that fluc...?

A. It's a policy in certain companies, not in all companies.

Q. Not in all companies with the firm?

A. Right.

Q. But in some of them.

A. Yeah. It's a policy in Leslie Fay and L.F. Petite. Those two companies. Some of the other companies might have a policy of a minimum order.

Q. Yes. Could we talk some about your childhood and what it was like to grow up in a family of a man who was as dedicated and as individualistic a person as your father?

A. I don't remember having a childhood.

Q. You also had a mother and a sister.

A. Well, what they did with me, and it probably turned out to be a good thing but... My sixth grade, after the fifth grade I went away to school, I went to a military
academy. And so I was in military academy for sixth, seventh and eighth grades and I graduated grammar sch... you know, lower school. And then I went to high school, graduated high school. So my childhood was really spent in a military academy environment. I was a little thing, I was so skinny and little and I was at a school that didn't have that many... I was a Jewish boy growing up in a school that didn't have many Jewish people in it, very few and I had to learn that. That was tough. We had boats, my father in those days, had beautiful yachts and I guess I was going to try to get to Annapolis but I couldn't get in because of my..., I wore glasses then. And....

Q. So you went to college where?
A. I went to the University of Pennsylvania.
Q. Oh, and then to Wharton.
A. Yes, Wharton.
Q. Yes, right.
A. Well Wharton was the University of Pennsylvania. I didn't go to business school. I didn't go to graduate school, I took my business as an undergraduate.
Q. I see. I see. Okay.
A. He was a giant, my father. In those days, I guess, in his bus..., he was the best, you know? And he loved it
and I guess through his love for it, I wanted it. You know? I never knew it would be, it was diff... You know, I remember we were close and then somehow we weren't close and it was a... My father is a very strange man in a way that he's, he doesn't want to show that he's got softness in him but he's probably a very soft guy and I'm a very soft guy and we're very stubborn... I must have inherited, I guess I inherited a lot of what he's got, you know? And I don't remember fighting with people when I grew up. I remember being, fighting sometimes because someone, you know, didn't like me being Jewish but I don't remember ever, I think I had a lot of friends. I don't have memories about memories. It's funny, it's one of the things I, I don't recall about a lot of things.

Q. You don't remember, for example, when you came home from school for holidays?

A. I used to hitchhike every Saturday and every Sunday morning I used to leave school about five o'clock and hitchhike into New York and have lunch with my father and my mother. Well at least my mother; I don't remember if my father was there. He was a big gambler in those days and the business, I guess, he was terrifically under pressure, so maybe the gambling made him better in his
own business but... I don't remember too much but I remember going to Palm Beach a lot. We used to go down there every Christmas and I loved it.

Q. What was your relationship with your sister?
A. I loved my childhood, I loved being a.... My sister and I are not close, but I guess we love each other; we're just not close because....

Q. Was she in the business one time?
A. She worked at one time, yeah. Now she's just a, she gets a, you know, we pay her for her name but that's, that's what she does now. She's working in, very active in, in charity, blind, special work with the blind and she's the Vice President of her building and, where she lives. My sister and I....

Q. Which work, excuse me, which work, which blind organization because my husband is President of the Jewish Guild for the Blind and I just....
A. She works for them.

Q. Really, what's her name?
A. Leslie Pomerantz.

Q. Really, I will ask him.

A. Yes. He's probably her boss. I mean, I don't know how, how....

Q. No. He's the President, he's a lawyer, he doesn't work
for....
A. Yes, I know, yes. Well she just, she just, she's comfortable..., I don't know why she does that but she obviously....
Q. Why not? Sure, sure.
A. ...Loves it and does it. Yes, just like your husband must. Well, I don't know how personal I want to get into a thing like this but....
Q. But, anyway, is it, well you, alright, so you have your sister and your sister has a son who is twenty-nine and who is in the business?
A. Yes. And who's, could have a great career with a, with Leslie Fay or with any place else.
Q. I mean, because you think he's very good?
A. Yes.
Q. No, it's going to be interesting to see....
A. And I'm treating him, not necessarily treating him, but I'm treating him, I guess, the way I was treated but I, that's not the way I want to treat him. He can come to me and talk to me but I'm letting him do his own thing. He's going to Columbia Business School while he's learning the company and I think that's great that he can get that kind of education and still learn how...
to run a company, it's not a big one, but he could do maybe five and a half million dollars his first year in business and...

Q. And the principles of, of a small company and of a bigger company?

A. It's good to learn. It's like stores might start you off in a small department and then..., so that's what he's doing. He's impatient and he's got ten more years or fifteen more years of brains than we do and he's probably going to look at us and think everything we're doing is archaic but, you know, and I think we're a fairly modern company but.... Andy is a very bright guy. He, he really wants to go into the marketing part of it and I think what's happening is that we're back....

Q. I'm sorry, what's his last name?

A. Gross, Andy Gross.

Q. Gross, right, okay.

A. I think what's happening is we're starting to go from selling to marketing. That's the next part of our industry and....

Q. How are you defining your marketing?

A. I define marketing as creating a plan from, both from research and from product to go out and present more than the product to the customer. To present an idea
of how to sell the product, to try to reach the ultimate customer which Gloria Vanderbilt did for a while, you know, they sold it against the stores; it didn't work because they didn't have the product. So marketing to me means the ability to create a product and then to try and find out how to bring that product to the market place in a way other than the traditional way in which we've done throughout the years which is knowing the stores and selling it through the stores. We're going to continue to sell it through the stores but we're probably going to try to combine the advertising and the promotion in such a way that there's a reason to buy our merchandise than something less, as opposed to someone elses. I think that marketing is done in the cosmetic field.

Q. You're talking, are you talking about identifying yourselves in the eyes of the consumer as well as in the eyes of the store?
A. Right, yes. For integrity and to have a plan on how to sell and, it's more than just holding up a garment today.

Q. It's knowing who the customer is....?
A. It's knowing who you want to....
Q. ...And targeting it?
A. Yes. It's trying to target for your ultimate consumer and then try to reach her through the customary lines of communication which is through a store.

Q. How important a role has the advertising agency come to have in your life?
A. Well, you know, it's a, we're doing....

Q. I don't even know if you deal with an agency?
A. We deal with A.C. & R. and we're doing things in Leslie Fay that are very controversial. Not controversial, controversy in that we're attempting to show something to the customer and not to show the garment and...
  What we're attempting to show is that we make clothes for moments that the woman could remember, and the woman wants, very important parts of someone's moments you could wear with Leslie Fay and it's not just putting that Leslie Fay dress out there.

Q. Your campaign was the one which was, "If you do not spend all your days going....
A. Discoing, yeah....

Q. That was very exciting, I think.
A. Well we keep improving upon it, we hope and I can't tell you that it's, that everybody's calling in and telling us, where are the, give me the eight dresses
on the page but we get tremendous response to the advertising. Sometimes more than, more, all depends what the occasion is but we're creating occasions, we're spending a lot of money doing it because it's eight to ten people in the ad, obviously the production costs are important and we're really not trying to sell one dress. We did an ad the other day on a petite dress, we just showed the girl, and we had almost a thousand responses to it. That's one kind of an advertisement, and this is another kind of an advertisement. Now, does this work? Leslie Fay division is pulling away from their competitors. I don't know if it's worked because of the advertising... But I think the advertising helped us to create the product. And we've changed. Obviously Leslie Fay is not what Leslie Fay used to be. So, hopefully it works. My father hates it, hates it.

Q. What, you mean, he believes in item advertising?
A. Yeah.

Q. Yes, I, well, that's an interesting development, evolution of a whole philosophy, of how business should be done. Right. But it is a, well, it's an approach which I should think people are going to remember. I mean, I remember it, I remember that series very well, I, now
now that you've begun to mention it. Sure.

A. The first one was in a church for a wedding. We're not afraid to try something, and I'll tell you one thing about this company, we're not afraid to admit it didn't work. And I think if Leslie Fay has a strength, which it obviously does, I think it's the ability to maybe not be the first in a certain spot but to diversify into the areas. To be aware of what's happening in the market place and to be able to diversify into those areas that become important and to get in and out of the areas that are not important.

Q. How much time, if you set up a new division, about how much time do you think you would give it to see if it will work?

A. Well, I don't think we've ever closed a new division. We've closed a division that hasn't done well but I'd say within a year it should be profitable. If it's not profitable the only reason it's not profitable is that the man running it might not be the right man, the designer might not be right one but the designing's got to do with the man running it. And, or it might be the wrong product but I'd tell you right now, we haven't gone into any wrong products. We might have gone into the areas wrong and then we have to make some adjustments.
Q. Well for example, John Pomer, you closed that, after how long?
A. We closed it, we closed it after five years and after the best year it ever had.
Q. I see.
A. What happened was a major, there was a major change in the industry and that's that leisure suit kind of thing which stores thought would go forever and it stopped, all of a sudden.
Q. And you had not geared to a change?
A. We tried to change but the stores were doing so well with what they were buying from us that they just wanted to put that money into... You see, the problem with business today is this classification retailing and buying is so important because they don't have the merchants that we used to have in the old, when I broke in. So if the classification stays good you don't, you want to spend all your money in that classification and even though we made it, they wouldn't buy it from us. My father calls it the Shift Around story, he might or might not have told you that. But we don't believe in really, we don't believe in being in one item for any one of our companies because while the item might be great, eventually everything... the only thing constant
in our business is that there's change and so, you can make a lot of money sometimes. I mean, some of these designer jean companies made a fortune but maybe now there giving it back.

Q. I like that as a motto; you said, the only thing constant in our industry is change?

A. It changes all the time, it goes from subtle changes to dramatic changes; it goes from coordinates to separates back to coordinates; from petites to regulars back and, you know, you have to be on it and you got to have the right people to know when to jump in and when to pull out and I don't think there's anything wrong with it.

The other thing is that today the, the important part of our industry, the growth of our industry seems to be in the active wear. That's why we wanted to be in the active wear and that's why we bought Head and, you know, we're going to, obviously, put Head into a lot of areas that gear to active and weekend clothing that they are not in today. And then, hopefully, we'll go into Europe and maybe this will be the chance for us to get into Europe which is a whole other story.
Q. Shall we talk a little bit about what that whole other story is? About Europe? What do you mean?
A. Well, I think that if we are the typical American manufacturer and even though I think we're a good one, we probably are typical, we don't really know the European market and somehow you have to get a foothold into that market and what I was saying is that maybe having a German company would be my way of getting a foothold into finding out more about the marketing strategies in Europe because they are different; different tariffs in each country, different kind of stores, different kind of advertising, different kind of everything. And, traditionally we haven't had the patience to go after that export of Europe and suffer through the trials and the time losses and everything to get started when we have this great market here in America. That's really what I was trying to say.

Q. So you think that, that Head Ski itself or the people in it might be able to give you some direction about how to go about selling?
A. Yes. How to go about marketing, I guess, yeah.

Q. Marketing it here?
A. And how, how, I don't know if that's so but I think
we're going to look into it and see.

Q. In other words, you are one of the American firms interested in exporting?

A. I'd love to export. I just don't have the patience to export when I could build up all the business we have here in America. See, America is such a phenomenal market and as we go into new products we open up America again for each product we go into so we probably get a little lazy against some of our world-wide competition who don't have that huge market so they have to come to America to sell.

Q. Were you part of that experiment last year? That was run....

A. No, no....

Q. You were not?

A. ...No. I, we've done a lot of experimenting and we haven't found that; we feel that to do it there'd be a tremendous capital outlay in it, probably a lot of loss, we'd probably lose a lot of money in the first couple of years and there's no guarantee; so as the President of the company, I just felt to put the capital, it's better to put it where I know I could do well. I know my market and as long as my market isn't saturated with my products, I'd rather try to, to keep
doing it the way I'm doing it, but I know the future of this industry is a world-wide industry, I just don't know when the future is going to start.

Q. Uh, huh. And it's your philosophy, usually, not necessarily to be first but to be....

A. Try to do it better....

Q. ...Right behind the first maybe?

A. ...Right, right. We like to try to, when we do it, we want to do it right. Sometimes if you do it first, you don't do it right.

Q. Uh, huh. You had, you just mentioned you're buying a new company?

Q. Well, we're in the midst of buying a, something we haven't been, we really haven't done, we've been following the very quick meteoric career of a young lady named Kathryn Conover, who just started in business and who's been selling to Lord & Taylor primarily and I think this week we'll probably take over the company.

Q. So this is an illustration of the kind of thing that does happen or can happen?

A. In this industry, sure. Now that opens up a whole new product and I can sell every store in the country.

Q. What is her product, for example, that you don't have?
A. It's a price line of dresses above Leslie Fay but below Kasper. It's very young and contemporary and it sells for about a hundred and fifty dollars in the stores. And, I think she's a great talent.

Q. Well, that, you know, kind of leads me into what was essentially going to be the, the last subject that I wanted to discuss, anyway.... Namely, how do you feel, or what do you feel is the role of new young people coming in? Are they best off when they come out of school (if they've gone to school) getting a job? Can they, how do you go into business? What's your whole feeling about that?

A. Well, it's still one of the few industry's in America where you can realize the American dream and that is to start a little business with no money and if you've got the talent and then you work hard; you click with each other, you can become successful. I think there's a dearth of talent in my part of the industry and we consistently, we're constantly searching for people. Some people come into a big company like ours and they think they're going to get locked in and put in a little space and they won't get recognized but we're constantly trying to promote young people and yet young people are constantly trying to go into their own business too.
This is a very interesting industry in that it can be done still. It's one of the few industries where it still can be done. Where you could click. Hopeful.

Q. How much money do you think you need if you're a young, let's say you're a young person who's just come out of F.I.T. or Parson's or one of those, what are the possibilities?

A. Well, if they, well, this, this young girl, Kathryn Conover, probably started with fifty thousand, a hundred thousand dollars. I know they've put more money in since and I imagine we'll all start to recoup some of the profits but it means a very limited amount of money because, obviously, young people don't have the money but it means designing, selling, carrying the clothes on your back, watching it being made in the shop and that's really the fun part of the industry today and it's the only industry, I think, that could still have that. I read an article about the compu..., about what's happening in California with these young people who are going into the computer business; it seems to me like the same kind of a thing, that they, this is a industry that's really crying out for young people.

Q. You think that there is really room still?
A. There is room. Oh there's, this is definitely, it's, the next ten years in this industry can be mind boggling. Because, we don't even know who our... customer could be ten years from now. It could be the department stores. It could be that we'll be selling television cable news, cable networks, could be that there won't be a traditional department store; and it looks to me like the traditional small specialty store is having a lot of troubles right now and I don't know where, you know, in the next few years, what will happen with them, so it's a constant industry of change.

Q. And you're saying that at the moment we're really at the beginning of a period of real transition? I mean, that's what it sounds as though you're saying...

A. I'm saying that the electronic industry has, is going to change our industry probably and, it, it, whether it happens in the next years while I'll be here or my predecessor, someone's got to look into it.

Q. Your successor.

A. My, suc..., my successor, I mean, yes.

Q. Right.

A. Someone's got to look into that because I think that's going to be the wave of the future. Everyday we hear horror stories about traditional old line department
stores having financial problems but Bloomingdale's and the Sak's Fifth Avenues and the Lord & Taylors keep..., and the Macy's, they keep doing well but some of the second or third line stores in the cities are having, having great difficulty.

Q. So you think there's going to be a major, I mean, that there is a major...?

A. I think so, yes. Hopefully it won't happen for a while but I think it's something we will have to look into, which would open up a whole new industry for us because we'd have to be selling all new customers.

Q. So you think the distribution methods are going to be....

A. I think so.

Q. Dramatically?

A. Yes. And I hope I'll be equipped to do it. You know, I don't think that my father who was phenomenal could have done the things we're doing now, but I know I couldn't have done what he did.

Q. Yes, right.

A. But, so now I....

Q. What kind of things are you doing now? What do you mean?

A. Well, we're big and the flow of information to our people is enormous and you've got to have the patience
to read that information. You got to have the patience to understand it and you got to have the patience to, to marry that with what we want you to be which is an entrepreneur, and the ones that could do that are successful; the ones that think in the past can't do it.

Q. Uh, huh.
A. We've changed so in the last ten years but then I think we'll change again in the next ten years. It's going to be an industry of change but yet, Leslie Fay has been in business for, Leslie Fay by itself under the Leslie Fay name had been in business for about forty years, and my father was in business twenty years before that.

Q. Well, but I think in the other parts of our interviews you said something which I liked so much and namely that this is an industry in which nothing is sure except that it's going to change.
A. That's right.
Q. You said something like that.
A. Yes.
Q. And so now you're saying, we're really starting in an electronic age and that the industry is going to be involved with that?
A. That's right. And there'll be home computers and they'll...
be plugged into department stores and there'll probably
be seeing telephones and you'll be able to see who you
speak to on the phone and you'll probably be able to
see merchandise right through your home and the next
few years could be mind boggling.

Q. Do you ever see this as being a direct sale to the
consumer? Is that in your thinking?

A. I've thought about maybe starting our own catalog
for all our products but that's still in the thinking
stage, but I imagine we're going to get into something
like that eventually.

Q. Uh, huh.

A. Because it would make sense.

Q. Well, as you have said, the one that is true all the
time is that it changes constantly so anything is open
to you at this point.

A. That's right.

Q. Yeah, right. Okay, thank you very much, that's really....

A. Well, I enjoyed it.

Q. Good, I did too, thank you.

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