ORAL HISTORY PROJECT OF THE FASHION INDUSTRIES

FASHION INSTITUTE OF TECHNOLOGY

ANTHONY RITTER
BARBIZON CORPORATION

THE FASHION INDUSTRY LEADERS

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INTERVIEWED BY

Mildred Finger
ANTHONY RITTER  ORAL HISTORY

Anthony Ritter is the president of the Barbizon Corporation, a privately held company of which he is the principal shareholder. It was founded in 1917 by his father and two partners. The firm was incorporated in 1939 and was named the Barbizon Corporation. The volume today is approximately $40,000,000.

Barbizon Corporation manufacture daywear, sleepwear, woven fabrics for use in lingerie; it runs a retail operation. The company is an example of an entrepreneurial firm now run by a member of the second generation of one of the founding families, who entered the business to be trained after acquiring management skills during his education.
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Q: ...for the Oral History Collections of the Fashion Institute of Technology, this will be an interview with Tony Ritter, head of the Barbizon Corporation, makers of intimate apparel. The date is April 12, 1983; the interviewer is Mildred Finger.

Tony, let's start by your telling me why you're successful.

A: Well, I started to tell you why I was probably one of the more successful people in the lingerie trade, and we were cut off by this telephone call. And I'd like to illustrate why I'm so successful by the story that I'll tell you.

Many years ago a young man went to work as an office boy for a fairly large company, and after two weeks the President of the company called in this office boy and said, "You know, young man, you've done such a superb job, I'm going to make you Sales Manager." And the young man said, "Thanks," and walked out. Then about two more weeks went by, and he called in the Sales Manager, the President did, and he said, "You know, you've done such a marvelous job as Sales Manager, you're the best I've ever seen. I'm going to make you Vice President in charge of Sales." And the young man said, "Thanks," and walked out. This was repeated a number of times over a short period of time. He went from Vice President to Senior Vice President to Executive Vice President. And finally, about two months later, the young man was then called back into the President's office, and the President said, "You know, young man, you're Executive Vice President and I'm thinking of retiring, and you've done such a fine job as Executive Vice President, that I'm going to make you President in my stead, and I shall retire." And the young man said, "Thanks," and began to walk out, and the President said, "Now, come back here. You know, you've gone from
office boy to President in two months. Every time I give you a promotion, all
you can say is, 'Thanks.' Is there nothing else you can say except 'Thanks'?
The young man looked at the President and said, "Yes. Thanks, Dad. And you're
fired." I don't take myself very seriously; that's why I was successful in
this business. My father happened to be a founder of this business, in 1917.
Q: Oh. Good.
A: And he.
Q: 1917. He couldn't have been very old.
A: Oh, I guess then my Dad must have been about 22 or 23 years old.
Q: Was he born here?
A: My Dad was born in this country. In fact, his father was
born in this country. His father was in the handbag business, and they lived
in the Bronx, and then they lived in upper Manhattan. And my father had met a
lingerie salesman called Garfinkel, and he and Garfinkel started this business
in 1917, called Garfinkel & Ritter.
Q: Just like that. They hadn't had any prior training...
A: Well, his Dad had given him some money at that time, and
I suppose they started this thing with about $2,500. As a matter of fact, I
have the original agreement from 1919, when his cousin came into the business.
Q: Your father's cousin.
A: My father's cousin. Garfinkel had been inducted into the
Navy, and he needed a second man to run production, so my Dad asked his cousin
Gerald if he would come into this business, and I think he sold Gerald one third interest in the business, for $2,500, and I have the papers to show that. So that's a little piece of memorabilia that I've got...

Q: So what you're saying is that to start a business at that time, it took $5,000 or $7,500 altogether.

A: Yes. That's when a dollar was really a dollar, but nobody had a dollar. Let's see. In three years after they had started, I think, the assets of the company were $8,194, and Gerald's part was approximately one third of that, for, obviously, $2,500 or $3,000. So that's the beginning of the company, with three partners.

Q: And that year was...?

A: That was 1918. After Garfinkel had been inducted into the U.S. Navy. And that was the beginning of Garfinkel & Ritter, which went on until about 1939 or thereabouts, at which time the company incorporated into the Barbizon Corporation, because Garfinkel had died the year prior. That's the beginning of the business.

Q: What were they making then?

A: They were making chemises. And not the way...Chemises were garments that were sort of like an old fashioned teddy. There was no such thing in those days as a slip. There was very little sleepwear. And they made old fashioned chemises that went over the dresses or petticoats. And most of them in those days were pure silk.

Q: I'm sorry. I don't...A chemise then was...was it a daytime outfit.
A: This was a daytime outfit that generally went under a petticoat or a dress. It was sort of the forerunner of a slip. And that's basically what the firm started with.

Q: And you said it was made of silk.

A: Pure silk. Crepe de chine, and in 1920-1922 they were selling for $2.98 at retail, and today, if you were to duplicate that garment, I guess it would have to sell for close to $98 or $100 retail. But not then. Pictures show Macy's or Gimbel's in those days showing pure silk garments for prices that can't be duplicated today.

Q: Where was the business located at that time? Do you know?

A: Oh, the business started in New York. Like a lot of businesses, and then moved shortly thereafter to Paterson, New Jersey.

Q: Not in lower Manhattan?

A: A lot of them started on Madison Avenue. That was the center of the lingerie business.

Q: But that was uptown. When I say "lower," I mean lower East Side, when it started, really early.

A: In the '20s, and I guess the 1900s, 24th Street, 25th Street, was still a fairly bustling area. And they started on lower Madison Avenue, as we know it today, which was probably the center of the lingerie trade. And they stayed there, probably, twenty years, twenty-five years. The factory was in Totowa, New Jersey.

Q: How do you spell Totowa?

A: T-o-t-o-w-a. It's still around today. It's sort of a suburb of Paterson. And they remained in Totowa, New Jersey for many years. And one
of the partners, Gerald, who headed the production in the factory, and Gar­
finkel, who was sort of a conceptual thinker....He was a man way before his
time. He had all sorts of wonderful ideas, like going vertical, into retail
operations. And he had the marvelous idea of starting a weaving mill.

Q: Because Paterson, New Jersey was a great fabric center,
wasn't it?

A: Paterson, in those days, was the silk center of the world.
And that, basically, is why the company located its sewing headquarters in
Paterson. And that was their first installation, in Totowa. And they stayed
in Totowa, I guess, until about 1945, 1946, when they moved to Paterson, down­
town Paterson. And, of course, Paterson, New Jersey, in those days, was com­
pletely different than it is today. It was a sort of private community. It was
founded by Alexander Hamilton. It was a very pretty area; had some culture to
it. Today, of course, Paterson has changed. It's mostly center city now. But it
was the center of the dyeing-finishing area; silk throwing, silk weaving. A
textile center of the Northeast.

Q: Do you still have a plant there?

A: We have a plant in Montville, which is sort of a bedroom
community...

Q: M-o-t-t....?

A: M-o-n-t-v-i-l-l-e. And what we did in Montville was we
designed...that's where our sleepwear designer is. Judy Ritter. That's where
the pattern making department is. That's where our engineering department is.
The engineering department..You take a garment and cost it and set up the
"SAH's" on it, so we know how to...
Q: I'm sorry. I don't know "SAH..."

A: That's "Schedule at Hour." When you manufacture a garment, you try and set up a sequence of operations and you try to equate everything to the hours, which in turn are equated to dollars, or monetary value. That way you build your labor, or dollars per dozen labor. That's where we do all our costing; in Montville. We have our engineering department. As I say, we have our design department. And our warehouse. That's our computer center. That's our production control; it's our production planning. No manufacturing in Montville. Just distribution, design, engineering.

Q: Tony, is "SAH" a concept which is carried on throughout this industry? Because I have not...

A: If you are a 20th century manufacturer, you deal in "SAMs," which are standard hours per minute; or you deal in "SAHs," which is "Standard Allowed Hours." They're all the same. It's just a question of breaking one down in hours and another in minutes. In order to figure out what it costs you, labor wise, and you must know what your SAHs are or SAMs are, per garment. If you don't, why I don't see how anybody can cost a garment. There's another term we use, which is called "sequence of operations," which is how do you put a garment into production, in the right sequence of operations, to show you the greatest efficiency, and the least wasted hours of labor per dozen.

Q: When did you learn this, during those two months between being office boy and President?

A: I learned that over the many years I spent here. But if you've gone into the years in this business, which I have, well, I'm not an expert at all. I'm not knowledgeable in a lot of the areas, but you've got
to understand production. It's all well and good to be a super terrific merchandiser (which, incidentally, I'm not), but you have to learn production as an integral part of this business. And somewhere along the line, over the last many years, I learned the rudiments of production; which is SAHs and SAMs and how to apply them; how to get a garment made, and what one looks for in manufacturing a garment. And without those tools, you'll never know what your correct hours are. So, I believe anybody in the apparel business, who is familiar with manufacturing, those are terms that roll off the tongue.

Q: Uh huh. You do your own manufacturing. You don't have contractors.

A: We do about 90% of our own manufacturing, and we keep as a safety valve in this country, we keep as a safety valve, contracting. We want to do that because it gives us the flexibility of cutting back or increasing without hurting our own internal production. We've got a good working relationship with a good contractor. The man we deal with is probably considered to be the best in the industry.

Q: Does he work only for you?

A: No, he works for other people too. And while we're talking about contractors, let me give you a little bit of information that I picked up. Contractors, in the field of apparel, is considered to be by the retail people a dirty word. Because when one uses a contractor, one supposedly gets an inferior product. But that's not true at all. When the contractor's allowed, he'll make a better garment for a manufacturer than his own internal plant, from the fact that he controls himself. Like anything else—if you work with a contractor and you've got a good one, and you've got a good working
relationship, and you send your people into a shop, he can give you as good
quality as you're going to pay for. So, getting back to what we do, we keep
a safety valve on a contractor. We have a small amount of our production
still made on a contract basis so that makes us a lot more flexible in be-
ing able to gear our production to ups and downs and the economic turns.

Q: How much of your production is done offshore?
A: Well, I would say on 807, about 40%.
Q: I'm sorry. What's 807?
A: 807 is offshore. We have a plant in Puerto Rico, which does
the other 40%, and the balance of 10-15% is done domestically with contractors.
Q: I'm sorry. I still don't understand what 807 is.
A: 807 is a number in the Internal Revenue Code which allows
you to cut goods in the United States, send them out to the Caribbean, have
them sewn in the Caribbean, and be brought back, and one pays duty only on the
value added in the Caribbean, or wherever. It's assembled in the Caribbean,
brought back here and shipped out. That's 807.
Q: Okay. That does not refer to Korea, Hong Kong or Taiwan.
A: I would think not. I would think that Korea, Taiwan would
be a full import program, where you buy the grey goods in Taiwan, have them
cut in Taiwan, have them sewn and brought in.
Q: But you don't do that.
A: We don't do that. No.
Q: Nor the Philippines.
A: Nor the Philippines. We do...On the other side of the program,
we do a Puerto Rican program which is really the same as domestic U.S. ex-
cept that it happens to be a commonwealth of the United States, but it's
governed by all the rules and regulations, and we do domestic production there.

Q: Now, this is very interesting. This is the first time I've
ever gotten into the thing of production at the very beginning.

A: Ours is a very unique company.

Q: I'm sure.

A: We're not the largest company, but we're probably the most
unique lingerie company around. We once had a Hungarian licensee who had a
very heavy accent, and kept telling me that my company was a "eunuch" company,
and I didn't know whether to be insulted or not, until I found out that his
interpretation of "eunuch" was "unique." And he was definitely right about
that. We are a most unique company in that we are vertical; we make our own
fabric; we do our own finishing; we do our own retail stores. We have 807
programs. Our production for Barbizon is dispersed throughout the Caribbean,
throughout the islands. What we do takes a lot of know-how and a lot of savvy,
and luckily we've got the people who can do it for us. So we're different,
we're a cut above the average lingerie manufacturer, which is not to say that
we're better, but we're just unique in what we do.

Q: Well, could we go back in time, now? Because we've spent
a lot of years very fast.

When your father was the head of this business (and I assume
he was for a fairly long period of time)...

A: Yes.
Q: ...It developed from...to what level of volume when you came in? I assume it was still a privately held company.

A: Well, let's see. When I came into this company, which was 1951, I graduated from the University of Pennsylvania on day one and I was in here on day three, I guess, or two. I guess the volume of the company in those years was about $6 million. Which was pretty good volume, in pre-inflation dollars. Of course, today, the volume is considerably more than that.

Q: Give me a ball park figure.
A: Around $40 million dollars.
Q: Around $40 million.
A: A growth of about 6 1/2 times. We're not the largest lingerie company. But, again, we're so unique within our own aspects, that $40 million is a good product to handle, and we expect in the next 5-10 years to improve on that.

Q: Okay. Let's get back to you in 1951. That means you were born in approximately 1929?
A: 1927 to be exact.
Q: '27. Okay.
A: Yes.
Q: Because, that's interesting too. The oral history is about the company, but it's also about the people, who made the company, that means, your father and his partners, and yourself. So it's interesting to know about you as a person, too. Obviously I would think that the first generation was a very entrepreneurial generation, but here you are. You're pretty
entrepreneurial too.

Q: Well, I like to think so. I like to consider myself to be entrepreneurial, because any one of us who runs a company—a privately held company—by his very nature has to be entrepreneurial.

Q: And your company is still a privately held company.

A: Still privately held. I was born in 1927...I'll give you a little of my background...

Q: Please.

A: When I was 12 years old my mother decided that New York was not the greatest environment for me, so she found a little school in Deerfield, Massachusetts called "Eaglebrook," and I went there from the age of about 13 to 17, and that took me through the first year of High School. And then from there I went to Phillips Academy in Andover, and I graduated from Andover in 1945, and enlisted in the U.S. Navy for a couple of years, got out of the Navy and went to the University of Pennsylvania Wharton school, and graduated from the Wharton School in about 1950-51. I came to work for the Barbizon Corporation and took an MBA at New York University. My son, who is not in this business, also went to Eaglebrook, and went to Andover too. So I like to tell everybody that between my son and me we spent three terms at Eaglebrook—that was Truman's, Roosevelt's and Carter's. We put in a lot of time there. It was a super school, and Andover was a great school, so was the University of Pennsylvania. So I had a pretty good background, and then going to New York University and getting an MBA there didn't hurt matters either. So, I think my educational background has been....
Q: So you were really heading for a situation in which management skills would be important.

A: Well, some kids want to grow up to be engineers or pilots or...whatever. I always wanted to be a business man, and when the opportunity prevailed, I took it and enjoyed it.

Q: You were interested in joining your family business.

A: Yes. I always wanted to. I always liked this. I'm a fairly competitive fellow, so this was a business that I wanted to get into. The business in the '50s was not as competitive as it is today. It was much more of a "stately" business. And there weren't all the tensions and all the problems. There may have been other problems that we didn't see then, but the lingerie business in the '50s and '60s was a very, very stable, unsavage business. And today, in the '80s, it's a much more competitive, fast moving business. Especially with some of the changes we've wrought here, and for my personality, I enjoy it a lot more than I did in the '50s.

Q: When did fashion really become important as far as you're concerned.

A: It started in the late '50s, early '60s, and gradually each year has become more and more important. Fashion has just changed, and the entire world, the entire industry, everything has changed. I think it's faster than it was 20-30 years ago. Alvin Toffler wrote a book called "Future Shock," about all the changes that have taken place. The apparel world wants more change, the customer wants change, the manufacturer is forced to give them change. Some changes coming down the pike. The young people want change. And the
business today is much more changeable, a much more fashion business. There's a lot more color. There's a lot more emphasis on styling. There's a lot more emphasis on delivering on time. There's a lot more emphasis on if you don't deliver it on time you get cancellations—which you never got in the '50s. There's much more emphasis on what you deliver being good quality that's properly delivered, properly packed. The stores are a lot more discerning today, because their managements have made them much more discerning. And all of that makes for change and keeping on top of the changes that are coming down the pike. And there probably will be more in the next 20 years. As many as there were in the last 20 years.

Q: When you started you said you were doing about...that is, the firm, was doing about $6 million. What kind of a sales force did you have at that time?

A: We had a small sales force. Probably not as many men as we have today, but the company ran a sales force typically...Everybody was on a salary plus expenditure basis. Nobody got commission. And it was more or less of a reorder business. The sales force was a lot less attuned to what was going on in the market.

Q: Did they travel?

A: And they traveled. Yes. They probably traveled, in those days, more and with more concentration, than they travel today. Only because of the fact that they traveled by car in those days. And gas was 15¢ a gallon, and a motel room was $2.92. They could afford to travel, even though they weren't making as much money as they're making today. And there were more independent stores
around than there are today. So they traveled much more than they do today. Now we try to get our men to travel today, again, as well as they did in the '50s. But sometimes, economically, it's difficult to get them to travel because of the high cost of traveling and the high cost of doing business. But the firm had a pretty well established sales force, even with that type of volume. And as a matter of fact, most firms had pretty good sales forces in those days. They had come off right after the war, when nobody had a sales force because nobody could get merchandise, and they had decided to build up their sales force to 6-10-12 men. And this goes not only for Barbizon, it goes for every other company who was of the same ilk as Barbizon. And these men beat the bushes in search of business. So in the '50s, they had a pretty good sales force I would say.

Q: You say other "ilk." Where do you place yourself as to volume and level of fashion?

A: Well, there's an old expression that if you're two miles ahead of the parade, you're not leading it. Well, we don't want to lead the parade, because we feel that we're a good traditional company. A very genteel and well thought of product. We're not high fashion, and yet we're not terribly mundane. We're somewhere in the middle. Maybe in the 60-70 percentile upwards toward fashion. But there are certainly many more firms that are much more fashion oriented than we are, and choose not to be.

Q: What about your price range?

A: I would say we're one step below designer. Which, they tell me, is moderate. Or, maybe that's not the right term. Not moderate. There's designer and then there's...I've forgotten the name. We're one step above
moderate and one step below designer.

Q: Sounds like middle upper.
A: Middle upper.

Q: Right. Okay. You were talking about the sales force. Do you participate in the marts in various parts of the country, in fashion?

A: Yes. That seems to be the trend today. The trend is more and more market showing and less and less straight getting off your can and going into the market and beating the bush. We've got a new Executive Vice President in charge of Sales here, and his first function was to get the men out into the streets. And basically that's where we're coming from. We want our men covering the stores, traveling the stores...

Q: Do you participate in the Dallas mart, the Chicago mart...
A: Every market there is, we participate in it. You name it, we're there.

Q: How many times a year do you show?
A: How many lines do we have?
Q: Yes. How many lines do you show?
A: Well, we have one line in November which takes us through spring. We have one line in March which takes us right through the fall. And we have a holiday line in August. So we have about three lines a year. Some of those lines overlap.

Q: Right... Because I've talked to people who have five lines a year.

A: Well, we choose to show, for example, our line in November and
January which is the same line shown all in November, there's one line... we really do have. We take our line in March and May and combine it to March. So we really do have five lines; we just program it differently and further in advance. And that takes a lot of doing and a lot of work in our design studio. It's a lot easier to get a line ready in November and January than it is to get a line ready in November for the whole spring. It's a lot easier to get a line ready in March and May, rather than a whole line in March. But we do it the difficult way. See, that's the nice thing about being in business with your wife. You work together and bring our overtime to nothing.

Q: Let's talk a little bit about store relationships. You referred to stores a little bit. I would like to know on what level you deal today and what level you used to deal, and what differences you see.

A: Well, our Executive Vice President of Sales, Mr. Paul Carter, is probably at a level that the company years ago did not deal at. He deals on a divisional level, divisional merchandise manager's level; he deals on a general merchandise level; at times, he deals on a presidential level, and at the same time, he always brings in the buyer, who's most important. Okay? This firm, and I think most lingerie companies, feels that no matter what level you're going to, the buyer usually, in many cases, will make that decision as to what to buy. But buyers change so frequently that the higher up you go and the better relationship you have with your product and the individual in the store the better off you are. If you have a super relationship with the General Merchandise Manager, he's going to stay in that store, longer than the Divisional, who in turn will stay there longer than the buyers. So the higher up we go, that we
can develop a level of relationship, the better off you are. The Presidential level is marvelous for ego. It's terrific to know that the President said, "Hi, Joe," but I don't know if it gets you very much in the way of getting your goods placed in the store.

Q: But there is a difference, right there, isn't there. A buyer used to be a person with whom you chose to have...

A: The buyer used to be the most important person in the store. When I first started with this company, in many cases, the buyer was the one who wrote the order, got the money, decided where to put the goods. Today, I don't think the buyer is that good anymore. The one who decides to do that is the Divisional and the General. And so much depends on the personality of the people. I know stores where the buyer still has a lot of clout, because she's got a lot of personality. And the Divisional doesn't have any clout because he doesn't have any personality, and isn't very interested in the department. But as a general rule, if I had my 'druthers, I'd rather have a nice relationship with the General Merchandise Manager, because there at least there's some stability.

Q: What about specialty stores? Do they mean anything?
A: I think the same thing is true in a specialty store.

Q: Small stores.
A: Well, you deal with the owner of the store in many cases. And that's a nice relationship.

Q: And that's where the sales force really has its strength.
A: Well, if you have a good salesman, he can deal on both levels. But a person today, unless you've got a really super guy, he can only be on one level. It's kind of hard to find a salesman who can deal with a Ma and Pa store,
and a big department store. Usually they're what you call "plate glass shy." Ever heard that expression?

Q: No, I don't think so.

A: "Plate glass shy" means that if you traveled a store years ago, you were great as long as the store didn't have plate glass windows. But once you got above the second story and had plate glass windows in the store, you weren't as good. For example, in Tennessee, a lot of Ma and Pa stores, remember, used to have "slats" instead of glass doors, or wooden doors. Well, that's where the expression comes from. So if a guy is plate glass shy, it means you can talk to a specialty store, but you stay away from the big department stores because he'll fall on his ear. So it's hard to get a salesman who will do both. We've got a couple of very good ones here, especially our management team who talk to the top people in the top stores, and that's the way you've got to do business today.

Q: How has your product mix changed, when did it change, or has it changed?

A: When I came to work for this company in '51, I guess 95% of what we made was daywear, which was slips and petti-slips, and 5% was sleepwear. And today, I guess, it must be 70-30% the other way around. The emphasis on sleepwear, and the 30% in daywear. That's the change in the mix.

Q: You haven't added new products. You haven't gone into loungewear, for example?

A: In a limited way. But our forte is still sleepwear and daywear, and some limited loungewear.

Q: Would you talk about the fabric division in this business?
Do you use all of your own fabrics? Do you go outside and buy some? Do lots of people come and buy from you? How does it work?

A: We have a weaving mill called "Jaunty Textile." Jaunty Textile weaves goods.

Q: What part of the country?

A: Scranton, Pennsylvania. He finishes the goods, he buys the goods, and ships it to Barbizon, who uses them. Or takes them and ships them to cutters, such as a Sanchez, a Wondermaid, a Dior, who, in turn, has the fabric. What makes the weaving mill unique is the fine denier that we put into our fabric, and the many ends that we put into our fabric. They are tough fabrics to emulate. They're not market construction fabrics. They're tough to dye, because they have blends of nylon, dacron and cotton, or rayon, cotton, nylon, silk, nylon, dacron. They're tough. And the average mill, like Milliken, doesn't want to touch it and I don't blame them. Because first of all, they're not in huge volume, and two, they're tough to handle. What makes the fabric unique is the fine denier, thirty denier. Nobody makes that except very few yarn people. The difficulty, as I say, in dyeing it. But once you get the fabric, the fabric wears like iron and is a luxurious fabric. So that's the beginning of the fabric story. What we do with our fabrics is for Barbizon; we use 80% of Barbizon's fabrics...are used, or come from the weaving mill, our wholly owned weaving mill, 20% we might buy on the market. But most of everything we buy on the market is finished at Jaunty.

Q: Does the designer of Jaunty work closely with Judy, your designer? Is there any relationship?
A: Yep. We have what we call fabric development people at Jaunty. We work with the fabric development people or the designers here at Barbizon, or work with the head of Jaunty Fabrics, or might go to a market and talk to a customer of Jaunty, and we employ outside consultants who come in to help us, show us. We have our fabric development man travel the stores, see other lines, if he's allowed in. Go to the various fashion shows. And we have spent, in the last three years, a great deal of time and a great deal of effort to improve our fabrics, and we expect in the next two or three years we'll have a whole new generation of fabrics. The company started...When we first bought the weaving mill, we had a fabric that was silk...The weaving mill started as a silk weaving mill. Then we went into rayon. Then we went into nylon, after the war, and we stayed with nylon for many years. Using a nylon warp, and a dacron-polyester filling. And in the next few years we expect to change that and see what else we can bring out on the market. We might offer a variety of new fabrics to the trade. So that's the next step.

Q: You don't work in knits at all.
A: Only wovens.

Q: Were you very literal about becoming President in 1951? Have you been President for 31 years now? No? Then why not go back and talk about your own progress.

A: Well, my own progress in the company...In 1951, I joined the company and started out as a sales trainee, and remained there for many years. As part of my training program, I put yellow papers on blue papers, and did most everything that sales trainees do, even though they have an MBA from NYU.
I traveled most of the city...or most of the country. I did most of the tank towns. And I guess my career was begun traveling, learning how to sell merchandise. And after I progressed along those lines for many years, they decided they would make me, I think, Sales Manager.

By the way, I left the company in 1958 for about three years. I thought being the son of the boss, or one of the bosses, wasn't such a hot idea, so I went to work on Seventh Avenue for about four years, and I went to work for a very fine blouse company.

Q: Which one?
A: A firm called Pilot Blouses.

Q: Originally from Baltimore.
A: You bet. Absolutely. And I still see that man from time to time today. He is a terrific salesman, his name is Kramer. You've got a good memory. That's the man. Anyway, I went to work there for about four years and I was the President's Assistant. And he taught me a lot and it was nice to be on my own, and to feel that you can do it yourself. And I guess about 1958, I decided...Well...my father had died, and his cousin was running the company as President. So I came back to the company in '58...

Q: I thought you said you'd left the company in '58.
A: I came back to the company in '62. I left in '58. And in 1962 I resumed my career here. I guess I was then Assistant Sales Manager. I remained here until about 1972 as Sales Manager. Then I went to Corporate Secretary, which was no big deal, because in a private company, a corporate secretary is like...whatever. It's not really a very important job. I then became Vice
President in charge of Sales. Then I became Executive Vice President in 1974. And meanwhile I did not have control of the company. I was still a minority shareholder. About 1978, the President—who was then about 81 years old—died.

Q: I'm sorry. Which one was he? Mr. Garfinkel?
A: Gerald.

Q: Gerald Garfinkel?
A: Gerald Ritter. My father died in 1954; Gerald Ritter died in 1978. And in 1978, I made a bid for the company. And...What I wanted to do, actually, was buy all the shares in the company. But, unfortunately I was singularly unsuccessful. A new President was appointed; Gerald's widow became President for a year. So I remained in the company for another year as Executive Vice President, while this 82 year old lady, and the estate, attempted to run this company. In about 1979 she passed away at the age of 85, and then I made another bid for this company, and I was bidding against three other companies, all of which were publicly held. They wanted to buy the company. And my bid was the highest. And finally, in 1980—Sorry, December of 1979—I became sole shareholder of this company, except for some shares that Judy owns, and that Eaglebrook School. And I tell everybody that another one of the reasons that I'm successful in this company is that I outlived everybody. So I am now the sole shareholder of this whole company. Not to reply to too many people.

Q: Now, since we've discussed the succession from the first generation to you...Is there another generation coming along?
A: So far, no. My son is a very successful advertising executive for Conde Nast. I'd like to have him come into this business one of these days.
But, I don't think he's ready to. He's got to do it his way. But if there's a place for him at some future time, fine. If not, then he'll just go his way, and I'll just keep running this company. But basically, I waited a long time to run this company—I guess from 1951 to 1979—and I'm having a very good time doing it. And I've been very fortunate in having some very good people who I brought in to help me do it, and it's been a sort of restructuring for the last 3-4 years. It's an absolutely super company, but in many ways just did not take advantage of all the potential that was there, due to prior management, possibly, wanting to hold the line in some areas.

Q: Could we pretend that this is an NYU case study, and describe the study? Talking about a case study—You have just said that in the past 3-4 years you have restructured the company. That means, I would think, that you're applying some of the management skills or strategies that you have believed in or come to recognize are meaningful here, and you've been translating them to put them into effect. Well, now. How have you achieved this?

A: My theory of running a company is not necessarily taken out of an NYU case study, or Harvard, or any English prep school.

Q: No, you're creating your own.

A: Well, here's my philosophy in business. If you can afford it, get the best people for the job. I mean, for example, you can't get a rocket scientist for the lingerie industry, but I believe in getting the best people, and if necessary, if one has to err on the side of overpaying or underpaying, I would rather overpay. Two, I like to motivate those people. And you motivate them either through money or stock interest or a pat on the hand. Whatever it takes to motivate them. Three, give them a challenge.
And four, keep your communication open. Okay? If you can do those four things--
Make them feel part of the company, talk to them, go up to the plants, get in-
volved in the business--I believe then you'll be successful. And it takes a lot
of work. You can't do this on a part-time basis. You can't say, "Well, I'm going
to knock off at 4:00, and I'm going to play squash and not go see my plant." I
have a car; I put 50,000 miles on that car last year visiting Scranton and Mont-
ville, New Jersey and New York City. Sometimes it's not easy. But if you like
to play the game and you want to be successful, I believe that hard work and
luck and people means you'll be successful. And you're competitive; you have to
be careful. You risk being a one dimensional individual; sometimes you do. There
are just a limited amount of hours in a day, and if you have decided this is go-
ing to be your thing and this is what you want to do, and this is what you want
to do to improve yourself, and you want to continue to work because you like the
peer pressure and you like to be among your peers, you don't want to be retired,
sitting on a beach with a bloody mary. You've got to work at it.

Q: What is the structure of the principal company now? That is
to say, administration, operations, production. How...?

A: Well, what we had is, we had a number of divisions. We had
the Barbizon lingerie division, which is....The President of that company is
Judith Ritter. Her staff includes Paul Carter, who is the Executive Vice Pres-
ident for Sales and Marketing; and Judith Ritter takes care of the merchandis-
ing, costing (not the actual costing, but setting of retail prices and the
wholesale prices).

Q: When you say the setting of the retail prices, is this a
keystone industry?

A: Well, the retailer would like it to be keystone, because 92%
of the world market would like it. But sure. This is supposedly a keystone industry. But everybody supposedly has their own special deals. We try to make it keystone. Vanity Fair and us are the only....

[Side 2]

A: ...two firms in the lingerie industry that maintain pre-ticketed items. For example, if something costs $10 at Lord & Taylor, they should sell it for $20. And that's basically what we do and what they do. So much for keystone. What were we talking about before that?

Q: We were talking about--I had just interrupted. But we were talking about....Or I had started to ask you how the structure was set up.

A: In the Barbizon Lingerie Company. Right? Okay. Now, you have Jaunty Textile, which has its own Executive Vice President. That is weaving.

Q: They do not have a President?

A: No, they do not have a President. Then you have Jaunty Fabrics, which is the converter. They sell the fabric.

Q: They're not part of Jaunty Textile.

A: Yes. Well, no they're not. They're part of the parent company, Barbizon. On top is Barbizon Corporation. Next is the Barbizon Lingerie Company--President, Judith Ritter. Next comes Jaunty Textiles, the weaver. The President--whoever. Next comes Jaunty Fabrics, which is a converter, selling the fabric, and has an Executive Vice President. And so forth. Okay?

Now you have...Those are the three divisions: Barbizon Lingerie, Jaunty Textile and Jaunty Fabrics. And the corporate would be the Barbizon Corporation.

Q: Of which you are the President.
A: Of which I am the President. Of which Thomas Foley is the Financial V.P. My function in this company right now...I operate as Group Vice President and Production. I have a very fine company. A very fine financial man. We have some very good merchandisers--Mr. Carter and Mr. Mann.

Q: Each of whom merchandises his own division. Only.

A: That is correct. Mrs. Ritter really merchandises her division and Mr. Carter sells it and markets it. Mr. Mann and I merchandise his division, which is the fabric division.

Q: M-a-n-n.

A: M-a-n-n. So I am, to all intents and purposes, at this particular time, involved in manufacturing and product development. Okay? And I am the number one personnel director. That is my job.

Q: Right. And your company in New Jersey, I assume, handles the data processing as well as...

A: The Barbizon Lingerie Company has a Vice President of Production. Okay? Who reports to me. Now, he is almost autonomous, because he has done such a good job. His is such a specialized field, he operates pretty much on his own, reporting back to me. But the main thrust of my job now is the textile mill, and the fabric development business. When I took over this company seven years ago, there were certain priorities one does with the company. When you take over a company that's been run by the estate of an 85 year old man, for a long time....Well, things are not moving the way you'd like them to move. When I took over the company there were certain things I had to do in the way of priorities; I took care of what I thought was important first, and then
and now go on to some other area which was lower on my priority list some years ago. And I try to run this company and I try to give most of the people who run their divisions, and who run the various areas, such as production, in Barbizon--data processing, finance (data processing really reports to finance), I try to give them as much leeway as possible. I don't believe I have the expertise of the financial man. He's closer to these things than I am. The man in charge of production knows exactly what's going on in production and I don't. But I've got a pretty good overview. I'm there for consultation. I'm there to push them if I feel as though they have to be pushed, and I'm there to oversee what has to be done. And if they have a problem, the final decision is going to be mine. Because, you know, as Henry Ford said, "My name is on the door, here." I make the last decision, but I try not to. I like to let them make the decisions.

Q: Before you get away from the merchandising of Barbizon, I assume there are designers. One or more.

A: There is a daywear designer, and there is a sleepwear designer, and there are designers within that group, working with them. Okay? Judith Ritter is the day sleepwear designer, and a lady named Messina is the daywear designer.

Q: M-e-s-s-i-n-a.

A: M-e-s-s-i-n-a. Miss Messina comes out of R.H. Macy's. That seems to be the trend of this industry. A lot of people in designer merchandising with a retail background. So we have corporate, and we have the divisions. I'm sitting in corporate, but I wear two hats, I sit as the President, and I sit as the group Vice President of manufacturing. Okay?
I will conclude this segment of the Perils of Pauline by telling you the following: That most of the people who work for this company are hands-on people. In other words, it's all well and good to be a conceptual thinker, but at the same time all the people who head our divisions have to be on-hands people. They have to sift through the work in many cases, and they can't designate or delegate 19 people to do a job well. Everybody in this company is a worker. Judy Ritter is a worker. The Vice President of Production is a worker. All these people work. And I'm sure they have people to whom they delegate, but this is really a hands-on company. Maybe I live in an ivory tower, but I really think most of the people we've surrounded ourselves with, that are involved in this company (and are a little bit crazy, like I am)--they like to work long hours and they really enjoy this thing, and they really get a sense of satisfaction. And that's the trick I think. If you can bring that, and do that, and get that done, you'll do a good job.

Q: This will be a continuation of the interview with Tony Ritter, of Barbizon Corporation. The second part of the interview takes place on April 18, 1983.

Tony, what's happened with this industry in terms of its growth. Is it real? Is it strictly inflationary? What is it?

A: The facts and figures that are available on the lingerie industry...

Q: Including all categories now...

A: All categories now...Department of Commerce figures, information available from trade organizations--it's fragmented. And nobody knows
for sure what the rate of growth in the lingerie industry is, per se.

Q: Including bras, girdles, daywear, sleepwear...

A: The lingerie industry, as opposed to bras and girdles, is a separate entity. The lingerie industry, to my way of thinking, is daywear, which is slips, petti-slips, camisoles. Two, sleepwear, which is pajamas, nightgowns. Three, loungewear, or at home wear, or whatever; which are other than robes, in or out of the bedroom. And a larger category, which is a category called panties, which this company is not involved in, which is a very meaningful area. Okay? That is the lingerie business, as far as I'm concerned. If you were to go and take a look at the number of units sold each year, for the last 15-20 years, I don't know if you could put all that information together. I think it's so fragmented that no one knows whether lingerie has grown in units or not. In my opinion, when companies say they've done a lot more business (and they're usually talking about dollars), and dollars, of course, are subject to inflation. When a company is doing $20 million today, or $25 million or $6 million, you can't say whether it's a tremendous growth in units because look at what happened to the dollar in the last 25 years. So I'm a little bit hesitant to say this industry's had a tremendous growth. You could very well say that the jean business has had a tremendous growth, just because people's life style has changed in the last 15-20 years. My gut reaction is that in order to do more business in the lingerie industry...My gut reaction is that the lingerie industry is not a dynamic growth industry. It's growing at the same rate, probably, or maybe even less, than the national population increase.

Number two, during the last five years, it seems to me, as
people become more cognizant of how much money they make; how far their dollar goes for food, shelter, whatever—lingerie is the least...or the most disposable item that you buy. In other words, you don't have to buy a new petti-slip or a new pair of pajamas, whereas you might have bought a new blouse or a new pair of jeans. So you can back off and say that my gut reaction is that the industry is not really growing at a really great rate. Any company that is doing more business today than they were doing two years ago is probably doing it because of inflation, or probably because they've taken market share. Market share. Okay? That's basically where the growth in the industry is.

But I would be loathe to stake my reputation on the fact that this is a dynamic growth industry.

Q: But you think it's a mature industry.

A: I think it's a pretty mature industry. I think the companies that are going to grow in this industry are going to have to take market share and be very aggressive.

Q: Or perhaps diversify. Is that...?

A: Well, yes. Maybe the company that is going to grow, if they now make product A, they're going to have to make loungewear, say, or they're going to have to buy a company that makes loungewear, and get into the loungewear business. But still, they're going to have to take the loungewear segment of the market from other segments. I do not think the loungewear industry....
lingerie industry is a dynamic growth industry. And very frankly, I don't think the apparel industry per se, the overall apparel industry is very dynamic, except for isolated segments of it. It seems to me that people spend less money on clothes--percentage of their income--than they did in 1950. And probably will continue to spend less money on clothes, as time goes on. So that is my thinking on that. Now, maybe these people who told you this is such a dynamic industry and we should all be rocket scientists, and we're all booming here; maybe they know something I don't know. But from everything I've seen and read, and all the store figures I've looked at, and all the other information, I don't see it. And there is one other factor by the way. Most of the lingerie companies are still privately held companies. Or, privately held companies as opposed to publicly held companies. And therefore, it's hard to gauge what the growth of the company is. If I want to see how Puritan Corporation is doing, I can look at their financials, and I can see how they're doing. If I want to see what the VF Corporation is doing, I can look at that. But if I want to see what a large, lingerie-sleepwear company is doing, that isn't available to me, because it's a privately held company. And most lingerie companies today are privately held companies. So I can't substantiate any growth rate. I can't tie that into an industry pattern at all. But then I go back to the fact that I suspect anyone who talks about a high growth rate for the last ten years.

Q: Well, it is very interesting to see the pattern of the changes, because it has not been easy to establish the evolution, if you will, of this industry, in large measure, because so many of the companies are small and privately held, and have not diversified or become big, become conglomerates.
or parts of conglomerates. Warnaco, which started as a Warner division, as a Warner entity, is an exception. And what they did was grow by acquisition. Most companies have not become public in that sense at all.

A: Well, I've seen Warnaco grow by acquisition, and Kayser-Roth grew by acquisition, and I would think Vanity Fair grew by a combination of... Well, in the lingerie field, by building its own divisions. Those three. I can't think of any other publicly held companies today that are meaningful. Olga grew by the way, but they didn't acquire anything; they just filled a market, which they took away from other people. Vassarette—well, I'm questioning what the future of Munsingwear is altogether. Formfit, which is a privately held company—or was—is having problems, because of the devaluation of the Mexican peso. So you're right. Most of these companies that are factors in the industry, or a lot of them, are privately held, small and large. And you just don't know what they're doing; what volume they're doing; what portion of their volume is attributable to units and what portion due to increases in prices.

Q: Let's talk about advertising and sales promotion. You had... You established Barbizon as a very identifiable name. How did that happen?

A: Well, when you've been in business as long as we have, which is about 65 years, and when you have a unique product, which is a good quality product; and when you perform well in the stores, then you do a small amount or a reasonable amount of advertising enclosures or advertising in the magazines, it helps your image. The advertising medium is winning out, and I think a lot of the companies' image has been through word of mouth. We do make a very unique product, at a reasonable price. We're known as a nice,
straight-laced company, who performs well for its customers. We're profitable for the stores. The consumer seems to like our product. And basically all of those ingredients over the 60 years we've been in business--65 years--has given us a rather nice brand name. As far as the amount of advertising we do today.... Well, I would say that on a scale of one to ten in the industry, we're probably 5 1/2-6. Today I don't know of any lingerie company that spends a tremendous amount on TV or magazine media. Most of us spend our money in co-op advertising in newspapers or catalogue advertising, or sending people around to the stores to do some promotional work or public relations or enclosures. That's basically where we spend most of our advertising dollars.

Q: The enclosures, which are so important, are generally on basics, are they not?

A: Well, some are on basics. But you know, basics are...and that's a strange name. I would say the enclosures are items the stores feel safe with. Okay? Rather than on a very high fashion item that the store might have to buy to back up an enclosure, and suddenly find that they haven't sold much. The stores themselves force you into that position. Because they want something safe. And therefore they keep telling the manufacturer, "Don't you have anything new? Don't you have a new style?" And once you do that, then they're afraid to put it in in depth, so they go back to the safe and sure, and I can't blame them. Basically, that's exactly where we perform best. We make a very nice middle of the road product. As I told you before, we want to be ahead of the parade, not lead.

Q: Can you think of an item that you have sold in large quantities
over the years which has lasted for a long time?

A: Oh, sure. We've got garments in our line that've got nice silhouettes and the names are the same, and we've had them in our line for 15-18 years.

Q: And when you say the names are the same, every model gets a name? As opposed to just a number.

A: It gets a name, like Bara...

Q: What's that?

A: B-a-r-a is the name of a particular style. Everything gets a girl's name, as opposed to a number. Of course, for the computer we have to have numbers, and the customer of the store doesn't see the number, but she sees the name and the style.

But yes. To answer your question. There are a number of items that we have had in the line for over 10-15 years, and yet, in this kind of an economy, and this kind of merchandising scheme of thing, those numbers become few and far between, because as the stores and the consumers want new things, this company has to give them new things also. So, therefore, 30 years ago we would have a complete line change once every five years, and now we might have a line change once every year and only a small portion of the line is carried over to the next year, and that's again because of the change in the merchandising techniques. The stores require it and the customer requires it. They don't want to see the same thing on the shelf all the time.

Q: So that used to be the profitable rule, and has not...

A: The profitable rule is a thing of the past in many cases.
And in order to have a profitable reorder for a store, we still have some reorder merchandise but certainly not in the depth we had it years ago. In 1950, when interest rates were 1 1/2%, if that, we could afford to carry a huge inventory of merchandise on the shelf, and the store could replenish on a reorderable basis. Today, even with interest rates at 10 1/2%, that means that the manufacturer pays at least 12% for his money, you can no longer afford to keep a large inventory of anything. So a lot of manufacturers who are known as basic reorder houses, are beginning to think that philosophy over again. And basically the stores are doing the same thing. The stores aren't carrying a tremendous amount of stock, either, because they too are now run by the money men and they're interested in getting a good return and a good ROI... Do you know what ROI is?

Q: Return on investment.

A: That's the magic word, and therefore, if they want an ROI, they don't want you to carry too much inventory, and therefore, the manufacturers aren't carrying too much inventory.

Q: Do you run a separate division for the merchandising needs of chains? Is that part of your business?

A: No, we really don't. First of all, we do not... The Barbizon division does not do business with the chains, such as Penney's or Sears or Montgomery Ward. We do sell our fabric to a couple of trim manufacturers that will take our fabric and in turn sell it to the chains. But the Barbizon division prefers to stay away from that particular end of the business, preferring to service it through the fabric area.

Q: Could we talk a little bit more about the whole area of
importing or having merchandise made in Japan, or having merchandise come from Japan?

A: Well, again, I'm not sure the people who are having merchandise made in Japan, or having merchandise made in the Far East, and Taiwan and Hong Kong, that's an area I'm not familiar with. I know the Japanese, for example, from the standpoint of making good fabric. They make excellent fabric.

Q: When I say "making in Japan," I think what's happening is that the trading companies there are beginning to take in hand the production of a lot of soft goods, as we used to call it, in other parts of the Far East.

A: That may be. In this industry--the lingerie industry--that hasn't happened yet. It certainly might have, it certainly is a feasible possibility. The problem you have, of course, in our industry, that makes it a little more difficult to do business in the Far East, is that our industry tries to work still on a semi-basic concept that they want reorders. Some reorders. Maybe you can't get yours tomorrow, but they want some reorders. If you do business in the Far East, you can't give them any reorders. Two, the lingerie departments, per se, I don't believe, up till recently, are used to working a year in advance. Which you have to do, working on an import program. Three, a lot of the items that are made in the Far East are not made with the intricate type of embroidery or stitching that presently is seen in department stores. To simulate the type of lingerie made here is difficult to do in the Far East. A lot of the people who are manufacturing in the Far East are used to making garments with a minimum amount of trim, even though their cut, make and trim are quite good. So whether that's going to happen in the next year or two I don't know. I think it certainly
is happening in the sweater industry; it's happening in the sportswear; it's happening in blouses; it's happening in dresses. Whatever happens in lingerie, whether it'll happen to the same degree as it happens in the other areas I can't say. So far it hasn't happened. On the other hand, if I know the lingerie industry as well as I think I do, there isn't anything an American company, domestically based, can't do that they do in the Far East. I think the labor, the fabrics in the United States, I think the turn is superior to what can be done on an import program. I'm talking lingerie, mind you. I'm not talking sweaters. And if that becomes a meaningful program, I think the American companies can compete with the Far East, either domestically or on programs they set up themselves. My crystal ball on this whole thing. And I don't take this lightly. I know there's been a lot of talk about that. There's been a lot of conversation about imports coming into this country. And there are two other items that you have to keep track of. One, the dollar is particularly strong today. Two years from now, if the dollar is weaker, imports may not be as attractive as they are today. Now there's nothing to say the dollar can't be weak and then strong. That's the first thing. And the second thing is that this government is now beginning to look at the imbalance of trade, and I wouldn't be surprised if in the next 2-3 years there wouldn't be some trade barriers set up to negate some of these import programs which are coming down the pike. I wouldn't depend on these two items to happen and negate the program, but I certainly want to put any company I run in a position of competing. But if the time does come when we have to compete with the Far East, I think we can do pretty well, both on style, quality, on turn, and on price.

Q: Did we...I don't know if we discussed what happens when you have a road force, as you do. Do you make duplicates of everything you have in
your collection for them to have with them all the time.

A: The men must have samples. You've got to get your samples out on time. One of the reasons this company has been successful overseas is because we make our sample lines early. To do business overseas, you have to get your line ready two months earlier than your domestic line, because the Euroepean market, the Far Eastern market, is different than the domestic market. You've got to be ahead by 60 days. If we have a sales force of 20 people traveling, we have to have 20 duplicates to them and you have to have duplicates for the buying offices, plus duplicates for New York. So one of the big things in this business is getting your samples out on time so you can sell out the merchandise.

Q: That's a pretty expensive procedure, isn't it, having all those duplicates made?

A: I would think that to walk a sample through in each factory has got to cost you at least triple the cost of the normal garment. It's a very expensive thing. It must be done. There's no way of selling a garment through a picture or a catalogue.

Q: When you say "walking a sample through," I'm not sure I understand.

A: Well, when you make your samples in the plant, you usually make your samples in advance of production. Now, if we make, say, five dozen samples, we are cutting five dozen samples. To manufacture those five dozen samples, as opposed to 500 dozen cuttings, is a very expensive proposition.

Q: You're talking about five dozen different samples.
A: Five dozen of one garment.
Q: Oh. Five dozen, including the duplicates.
A: That's because of the duplicates. Five dozen of the duplicates.
Q: I'm sorry. You were using the word sample differently. I think of the sample as the first one you make. You're saying sample, including duplicates, five dozen, first time.
A: You're using the word duplicate as an original garment?
Q: I'm using the word duplicate as a production made garment, where the sample is something made in the designer's room.
A: Oh, no. Every garment, every designer sample, obviously, made in the design room. Every duplicate for the factory is made, generally, in the design room. Every salesman's sample is made in the design room. And when you make a salesman's sample, you only make five dozen of them--at least our firm does--and you make that in advance of your normal production. And you make them because a salesman will need five dozen samples in March for selling, and your production schedule doesn't call for those 5 dozen until July. So now there's five dozen of one going through the sample room. It's terribly expensive. Plus, the garment the designer makes is terribly expensive, because you have to allocate all that overhead, design, individual print, etc. So both the designer garment and the sample garments for the sales force, and the duplicates, are very expensive. Does that clarify it?
Q: Yes, that's fine. It's just a difference in terminology.

And in a six month period, how many individual models are made? Approximately?
A: Well, let's see. We may have 80 models.
Q: So you multiply... Of the 80, the ones you think you're going to sell...
A: No, everything we put in the line we manufacture, with very little exception.
Q: Really.
A: A catalogue goes out, so you put a catalogue to bed and you go ahead and plan to make the goods and you cut in advance of orders, so we can't suddenly now find out that we've got something to cut and it's cut and now we're going to cancel it. We don't take an order and then cut. We cut and then take an order. What might happen is that the budget we set on a garment might be cut back, but we cut everything before we take one order. Because if we had 80 dozen, 80 numbers that we're going to make in our line, for a six month period, we're going to cut 400 dozen garments, for the salesmen.
Q: So that means it's either a terribly high risk business, or else you're working on very basic and staple things.
A: Well, it's not that terribly high risk business, because you can generally get your money cost out in making garments such as ours. And two, we have retail outlet stores, factory outlet stores, that take..
Q: You do. Of your own.
A: Of our own. So therefore we are able to minimize some of the risks. And our own stores, which like to have some sale goods.
Q: Yeah, right. When did you start to set up your own outlet stores?
A: Oh, about fifteen years ago.

Q: Fifty, or fifteen?

A: Fifteen.

Q: Fifteen years ago. In outlying areas, like Flemington, New Jersey, or whatever.

A: Where there was no department store...where we are attached to a plant, and where the overhead is low. That's what we tried to do. And I think most modern manufacturers of apparel today are doing the same thing. You mentioned Warnaco, they're in Bridgeport and Vanity Fair owns half of Reading Pennsylvania. Kayser Roth does it. Schrader does it. Manhattan Shirts does it. Van Heusen does it. All these people do it because it allows them to get rid of mistakes. And the same way with us.

Q: That plus the store promotions that you do from time to time. If the store wants a promotion.

A: Yeah, a sale. Well, we try to give that to the stores. It's a different category from trying to give them wholesale merchandise. We've got to try to keep that down to a minimum.

Q: Sure.

A: But we still believe we should give promotions to the stores because there's a need for it, and the stores have need for it too.
Q: I don't... Have we talked about licensing--I keep coming back to it. Have you ever done any licensing?

A: Sure. We have a licensee in Canada. We have one in Lebanon. If you just listened to that telephone call--we're going to visit them. We have ... we had one in Venezuela, until the currency restrictions, which put a temporary halt on that. And we have one in Australia and we have one in New Zealand, and we had one in South Africa. So, again, we normally sell fabric to our licensees and keep them provided with patterns and styles. It's important. So we are familiar with the licensing.

Q: When you mentioned the fabrics that they buy for their... the merchandise that they're going to make, that brings me back again to this unusual situation in which you have a vertical operation in the lingerie field. Does that make you the only one who does?

A: That makes us a unique company.

Q: It is a unique company.

A: A unique company in that... We are only woven. Vanity Fair, I believe, has a knit vertical. Vanity Fair is a vertical knit business. They dye the goods, they finish the goods, they knit the goods and they cut the goods. And we're their counterpart in the woven end of it. We weave it, we finish it, we dye it, sometimes we print it, and we use it ourselves. And in Barbizon, we sell it ourselves. Again, I'll go back to it, a very unique company. It's a company that does a lot of things in a lot of areas. Consider the fact that we manufacture offshore; we are a manufacturer of lingerie. We run a retail operation, retail outlet stores. We do commission finishing.
Q: For other companies?
A: Yes. We do commission dyeing for other companies. And we weave our fabrics, and do commission...

Q: I'm sorry. Commission, through Jaunty?
A: Uh huh. We weave our fabrics, and we do commission through.

We weave "grey goods" for other companies. On spec. We sell our fabric to the converter, who in turn sells it to the trade. That's a fairly complex operation. For an apparel company, this is just not a one dimensional company. There are a number of divisions that all work for the good of the company. And I don't think that any one division could operate as successfully as they all do together. You've heard the expression that the sum of the parts is worth more than the whole? Well, this just works the opposite. It seems as though the whole is worth more than the sum of the parts. If you take the weaving, buying, finishing—if you take the apparel business, if you take the retail business—and put them all together, they really do protect each other and work to the betterment...And the company is structured in such a way that we're sort of a conglomerate in the apparel field, in a small way. We don't give ourselves any delusions of grandeur, but we do an interesting bit of work...

Q: It also means, doesn't it, that you are protected, so that if one area falls down, something else is available to make up the difference.

A: That, basically, is the philosophy which I use. We have a retail store business, we have a fabric business. We have a commission business. The apparel business. Therefore, if one segment falls on its face, another one is there to pick it up. And most important, we have a whole program started that will develop these fabrics for the '80s and '90s, which is something the
old administration did not try to do, which we try to do, and hope to be successful with it.

Q: So that you're saying you've got a research and development program that is more advanced than it has been in the past.

A: Yes. Basically that is what I'm trying to say. We will be putting...and we have put...a great deal of money into our weaving operation.

Q: Is that up north, or do you have a plant down South?

A: It's in one of the finest cities in the Northeast corridor, and that is Scranton, Pennsylvania. Larry Holmes, who is the world's heavyweight champion, just defended his title last month.

Q: Well, I hope you were there to see it.

A: Well, I was going to go and then I thought better of it.

Q: So that you have this diversified operation, but all within the apparel...intimate apparel area. One question came to mind. When you talk about commissions...

A: Commissions on sales, or...?

Q: No, no, no. When you talked about commission--and you just mentioned it now. That's with regard to the fabric that you've worked on on assignment, in a sense, for other apparel manufacturers?

A: No, no. Commission finishing is no more than this: If I'm a converter (you know what a converter is), I buy grey goods from the mill, and now I want to have those goods finished and dyed, I go to a commission finisher, and he dyes those goods or finishes those goods, and I take them back to cut them. So we have a large finishing operation which finishes goods...
for Barbizon and finishes goods for Jaunty, and these goods we finish are basically our own goods that we weave, but we have some excess capacity. So now we say to ourselves why shouldn't we take in some commission finishing business, from Mr. Converter X and finish his goods for him in our excess capacity. That's exactly what I mean by commission. It's not our goods. We take the goods and we finish them.

Q: So you work in that sense as a contractor. Right. Okay. Tony, you've had some interesting things and amusing things that have happened to you in this business. Would you tell us about a couple?

A: Well, I started to tell you one last week and I'll repeat two of them, which at the time they happened, were absolutely devastating to a young man. The nice thing about them, as you look back, over some 30 years in the business, if you look back, you laugh at them rather than cry at them, but I did have a tendency to cry at them at the time they happened.

The first trip that I took for this company I went down to Texas and in those days, one had to drive by car. And I took myself a trip in this Chevrolet--I guess it was a 1952 Chevrolet--with no air conditioning, and I drove all the way down to Dallas, Texas. I was a bright young man of about 24, and I was really going to set the world on its ear. And in those days salesmen traveled by car. They don't do that anymore today. But gas was about 15¢ a gallon and a hotel was $2.98, and so they really beat the bushes. And I landed in Dallas, and the first stop on my itinerary was a small town. I got my two bags and I put them in the back of the car and I drove up to the town, and walked over to the store, and there was a buyer who must have been
about 50 years old. But to me she looked more like 100, and I walked in with my itinerary and my name plate and the whole thing, and I walked up to her and said, whatever her name was—"Miss Jocelyn"—I said, "Mr. Ritter from the Barbizon Corporation. And you used to buy the line. I'd like to see you today."

And she looked at me and she said, "Young man, I haven't got time for you."

Well, I was younger and dumber in those days, so I turned to her and said, "Well, Miss Jocelyn, I've come 1,200 miles to see you." And she turned around to me and she said, "Young man, who asked you to come?"

And I went into a blue fog and didn't wake up until Texarkana, which is about 10 days and 4,000 miles away. That was one of the stories that I will remember as a very young man.

And the other story that I haven't told you though, another story that happened similarly— I graduated from the Wharton School on June 5th, 1951, and I landed in this company on June 6th. And June 6th, in those days, the company used to believe in giving great big fashion shows. And they gave this huge fashion show with thousands of buyers walking through that showroom that you walked through a few minutes ago, when you came in here. And there were hundreds of buyers and all our salesmen were in, and all our executives were in, and the company had a whole runway for the models because they were introducing new fabrics. And it was a very elegant affair. They had it catered by Louis Sherry. And as I got there on Monday, the 6th of June, obviously I looked around and they saw that I was related to the boss, and all the people in the company decided that, you know, they'd fix me. They'd let me sit in the corner and sweat it out for about five days and not introduce me to anybody. So, for three days I sat in a corner, like a mouse, and nobody came near me.
Nobody had the courtesy to introduce me to a buyer or a merchandise manager. I guess that was sort of like my hazing. And at the end of the fourth day, I said to myself, "You know, I can't sit here like a dummy. I've got to show all these big shot executives that I'm really a hotshot, and that I'm a fairly aggressive young man." And I looked around for somebody whom I thought I might know. And sure enough, there was a very distinguished looking guy in a blue suit, and he was standing talking to the President of the company and the Executive Vice President and the Vice President in charge of Sales, and he looked so familiar to me I thought this was a great way to score with three men, and I walked over to him and I said, "I beg your pardon, Sir? Aren't you the merchandise manager for Marshall Field?" And this very elegant looking man in the blue suit turned and looked at me, with this very supercilious manner, and he said, "I beg your pardon, young man. I am the caterer from Louis Sherry." So that was another one of the disastrous beginnings of my career.

Q: I think that's great. Thank you very much.