ORAL HISTORY PROJECT OF THE FASHION INDUSTRIES

FASHION INSTITUTE OF TECHNOLOGY

CARL ROSEN
CHAIRMAN AND PRESIDENT
PURITAN FASHIONS CORPORATION

THE FASHION INDUSTRY LEADERS

DATE OF INTERVIEW
Tuesday, February 16, 1982

INTERVIEWED BY
Mildred Finger
PURITAN FASHIONS CORPORATION had its start in Boston in 1911. Under the leadership of Carl Rosen, son of the founder, the firm became a publicly held corporation in the early 1960's, and grew into a large multi-divisional apparel company headquartered in New York.

At the present time, the company is devoted primarily to the manufacture and distribution of Calvin Klein licensed merchandise with a volume in excess of $200,000,000.

In the Spring of 1983, Andrew Rosen, son of Carl Rosen, became President, with Carl Rosen retaining the role of Chairman.
TABLE OF CONTENTS

CARL ROSEN

ORAL HISTORY

1 - Dominant influences in Carl Rosen's life
2 - 7 History of Carl Rosen and history of Puritan during early years
7 - 9 Examples of promotional orientation of this firm
10 - 11 How Puritan was sold in 1961 to Reliance Manufacturing Co. and thus became a public company
11 - 14 How Puritan converted from a multi-divisional traditional firm to a designer licensing company from 1979-1980
14 - 17 Review of Puritan's history during 1940's, 1950's, 1960's
18 - 19 Clarification of confusion of name of Puritan Sportswear, makers of men's sportswear
20 - 21 Buyers and companies in the "old days"
21 - 24 Detailed story of Puritan acquisition of Reliance
24 - 26 Transformation of Puritan firm from a multi-divisional traditional apparel company to a new form of company making licensed apparel
26 - 27 Union and non-union production
28 - 31 Financing, budgeting, and forecasting of large apparel companies
31 - 33 Table of organization of multi-divisional merchandising company
33 - 35 Planning for management succession
36 - 37 Restatement of influences on Carl Rosen's life
38 - 39 Puritan now a multi-divisional Calvin Klein complex
Q: Let's talk first of all about what it is that has made you, Carl Rosen, the person who has been having and continues to have this very exciting career in the industry. And what, therefore, makes Puritan such an extraordinary institution?

A: Well, probably, if I wanted to recall the years I spent in the industry, which is almost 50, I would attribute a great deal of the excitement in my business career and my life to my father, who—perhaps you did not realize—was an immigrant himself and landed in Boston, Massachusetts and started in his own business in something like 1911. And the company that I'm in here now represents the continuous outgrowth of the company he founded. It's now 1982, so that's about 71 years. I don't think there's probably another company in our industry that's had the longevity as a single unit that...the number of years. I would have to say that his indoctrination of the business philosophies to me probably did more to help me than anything in my entire life. The other thing, of course, was the five years that I spent in the service, between 1941 and 1946. I didn't have the opportunity of having any formal education. I learned so much about the "table" of organization and "table" of equipment and a lot of organizational strengths that I think I developed in the later years of my life as a result of the training I had during World War II. So the combination of my father's influence and, yes, the tragedy of World War II, I think went a long way to helping me do a lot of things in the industry.

Q: What kind of business was it that he started in 1911?
A: Well, of course, in those days there weren't any dresses. I think they started in the skirt business, and he had a rather modest business. I remember, when I joined the company in 1936, he was doing about a million dollars a year, which by those standards was a reasonable amount of business. Of course, by today's standards, it's very small. And he was very entrepreneurial and, I would have to say, quite successful.

Q: How many of you were there in your family?
A: We were three boys and a girl. And both of my brothers were involved in the company.

Q: Were they older or younger than you?
A: One is older, one is younger. They all had a formal education. Because I did not....I graduated prep school and went to work in 1936. That was prior to the time that either one of them joined the company. Then, of course, my sister was married and her husband worked in the company. So there really was a family owned business until 19... I think it was 1961, when we sold the company to Reliance Manufacturing, and I was retained to run it and then I think in 1964, I took over the company that acquired our company.

Q: But before that, in the 1950s, there was a period of time when you were...It was not a public corporation in the same sense, but you did a lot of business in the budget area.
A: Yes, in the 1950s we developed the volume of the company up to $20 million, as a privately owned company...
Q: Was it by then a New York company?

A: Well, we were always really a Boston company in the sense that we shipped from there and our main office was there. It was only, probably, in 1970 that I moved the main office to New York. By that time my brothers had left the company and I was really all alone, from a family point of view. And I had matriculated here, and made this my headquarters some time in the late '50s, so I didn't really move the headquarters of the company to New York until the early 1970s.

Q: Could we go back a little bit? When you talked about going into the business in 1936, what kinds of things did you do in the business?

A: Well, obviously, in 1936 I was rather young. I was about 16 years old. I had just graduated prep school, and my father...

Q: What prep school did you go to?

A: The Worcester Academy in Worcester, Massachusetts. My parents really wanted me to continue my education. Fortunately, they were able to afford it. It's just that I had some crazy notion, where I strived for independence even then. And although my father was so good to me and he would give me anything I wanted, I was a little reluctant in accepting it. And I really had a great desire to work, and I loved the business so much, even then. So....

Q: Was there a lot of talk in your household, around the dinner table, conversation about the business?

A: Oh, yes. My father was completely consumed by it. He
was a seven day worker, which was not unusual in those days. Remembering when I said he was an immigrant, he had a great desire to provide the family with all the comforts that he could. At his own personal sacrifice, because he used to work so hard. But...

Q: Your mother was never involved.
A: No, but my mother was a very cultural woman. She's still alive. She lives in Boston. And she's about 92 years old now. And she's not in bad health. However, my father set a terrific example for me, and he was very disappointed that I didn't want to continue my formal education, but I think I probably got more knowledge working with him in the early years, because... He was a little rough on me, because he wanted... He thought I'd maybe quit and go back to school. So I had the opportunity of starting off as a shipper and then as a patternmaker and a cutter. Then I ran some of the factories we had, traveled on the road. So I was really able to acquire so many different crafts and knowledges about the business. It really was a blessing in disguise in later years. Because I really have all the fundamentals of the business on a personal basis. So it tended to be a very good thing.

Q: It's very helpful, isn't it, if you know you can recognize good production...?
A: Certainly. I mean, a day doesn't pass when some of the experience of my early years doesn't stand me in good stead.

Q: When did your brothers come into the business?
A: Ah... My older brother, who was then at college, didn't
come into the business until about 1940. And then my younger brother came into the business about 1945. And my older brother left in 1961, and my younger brother left around 1970. And they both left the company in pretty good financial condition. And one wanted to retire and relax a little--that's my older brother--and he has since gone into the investment business and the real estate business, and has done amazingly well. My younger brother, who was an idealistic type of young man--he's not that young; he's seven years younger than I am--had a great love for the sea, and he bought a sailboat. And believe it or not, he now is a charter boat captain in St. Martin, and loves his life, and though I don't see him very often, he's the picture of health...

Q: What's his name?
A: Jerry. But he was a very competent person, associated with me in the business. And if anybody had told me he could just pick himself up and be a boat captain...But he certainly is very happy as a result of it.

Q: What happened during the years that you were in service?
A: Well...

Q: What happened to the business, I mean.
A: The company....

Q: And to you, too.
A: Well, I was in the service almost five years. I was drafted and was inducted into the 77th Infantry Division of New York, and I subsequently went to Officer Candidate School, and then served in the
European theatre for about two years, overseas, and attained the rank of major in the Coast Artillery, anti-aircraft area, and returned to private life in 1946. During that time, of course, the business sustained itself. When I left they were doing about $3 million, and my recollection is that they were doing about $3 million when I returned. Of course, my father was a very structured individual, and I am sure that he just ran the business according to the allocations of the textile market.

Q: Were they still making skirts and blouses:
A: No. By that time they had...I would say in about 1938, when I was still with the company, they started to move into the dress area. So, for the most part, they were in the dress end of the business rather than the sportswear business. And we, of course, continued in that business for many, many years.

Q: During the time you were in service, you were married?
A: Well..I did get married while I was in the service, and then before I left the service I was divorced. And then when I got out of the service, I married again, and that's the same wife I have now, and all the children I have are from that wife.

Q: I see. How many are there?
A: Four children. Two boys, two girls.

Q: And a couple of them are in the business.
A: Yep. My oldest daughter and my youngest son are in the business. Lisa and Andrew. Andrew heads up the mens' Calvin Klein
division, and Lisa is involved in all of the point of sale presentations
that we do and the clinics that we have in the stores. Both seem to be
doing a very good job.

Q: Right. When you came out of the service, with your
business still headquartered in Boston, or shortly after you came out of
the service, there was a period of time where you had contracts with some
of the European designers.

A: Yes, as a matter of fact, I think it was 1950. I had
the idea that it might be a great promotional experience if I went over
to Paris and commissioned some of the designers to make a line of inex­
pensive clothes. I guess that was the first entrepreneurial thing that
I had ever done, and the company had ever done, and the idea, of course,
was not original. It grew out of the fact that every year all of the
major stores used to go over to see the collections and then they would
come back and make the copies of them. But, of course, they thought the
fact that the copies would be at $100 retail was phenomenal. I had the idea
that if I could create a line of clothes, with the labels of the French
designers, and sell them at $17.95 retail, it might be a phenomenal thing.
And, I might say, that was the beginning of the change of the volume of the
company, of the volume of the business of the company. I remember so well,
the first year we did that, we sold about 200,000 units at $10 apiece,
which in those days was a huge amount of business. I anniversaried that,
meaning that I did it every year for about 3-4 years after that, and then
that idea got a little stale, and I moved on to a couple of other areas,
one of which was personalities. And as you perhaps recall, we did the
Gloria Swanson clothes, and that was quite successful. That came as
a result of when Gloria did that movie, "Sunset Boulevard," I was so
much impressed with her that I thought I would make her "mother of the
year," and do a Mother's Day promotion with her. I went out to California
and met with her, and I was so enthralled with her that I ended up doing a
Gloria Swanson line. I might add that she is still on our payroll as of
right this minute.

Q: She was the original "trunk" show.

A: Oh, and she did...Yes...She did all kinds of shows for
us. And she drew crowds in the stores that they have never even duplicated
as of this date. And the line was phenomenally successful. That was an­
other thing that we did that created excitement.

Q: Who actually did the designing?

A: Well, we did the designing and she would...Yeah...We had
our own design staff, but in the beginning she did some of the editing.
She had all kinds of ideas about people with short necks--how to make their
necks look longer. People who were short, they should wear their dresses
a little longer in the back than in the front, to give them more height.
And she was...I would have to say that she was a fascinating woman. She
contributed quite a bit to the aesthetics of the clothes. From a promotion­
al point of view, she was phenomenal. She made visitations to maybe 200
stores during her tenure with us, and every store she went to we got
nothing but commendations on her. And then I'm sure you're aware of the
fact that we are the company that started what I think was the beginning of the boutique business, when we created Paraphernalia.

Q: And that's the next decade, really, That's the next phase.

A: Yeah. That was a result of being in London once and seeing the change of the clothes when I walked through the streets of the Chelsea section, and I saw all these girls wearing these short, mini clothes. These had not come to America yet. And I found out that there was a designer over there by the name of Mary Quant who was doing these things. So I found a way to get to meet her, and got her to come over to America, and we did what we called the "Youthquake," and created a line of clothes with her name on them. So that the thing I'm even doing now, with Calvin Klein, really, if you think in terms of the background that I had, I spent a lot of my years building up to something which finally reached the climax probably of my business career in the industry, when I was fortunate enough to get the messiah himself--Calvin--in an association with him. Because, by the way, I can only tell you that he is the greatest in the world--his talent, his ability, it's fabulous.

Q: I would like to get clear in these notes, in these taped notes, the story of how you went public or when you went public, because all the information I have, whether it's from Womens' Wear or from Moody's...I mean, not all the information seems to...

A: Well, I don't think you're really aware of what happened. We never actually did go public.
Q: Okay.

A: We were a family owned company, and some of the people in the family wanted to work and some didn't want to work, so it became obvious to me, even though I was the third child--I have an older sister and an older brother--I was the operating head of the company. It became apparent to me that going public on our own would probably be a mistake, because then there would be a controversy about who would stay and who would not. So I decided that the best solution to that problem would be to sell the company. So the company was actually sold for cash to Reliance Manufacturing, a company that was listed on the New York Stock Exchange.

Q: Where does Sportempo come into it?

A: Sportempo was one of the companies that was included in Reliance. And they retained me to run Puritan division, which was part of the Reliance setup. About three years later, they asked me to take over the management of all of their apparel companies, which I did.

Q: Men and women, or just women?

A: Just...All of the women's apparel companies. And then about a year after that I acquired control of the total company and changed the name of Reliance to Puritan. So that's how Puritan came into being. Actually, we never went public with it. But I became the principal stockholder of the company that acquired our company. It was quite an intricate financial story...
Q: It is very complicated and, as I say, wasn't even clear in "Moody's," much less...comparing Moody's and Women's Wear. Two different stories...

A: Well, if we have a chance in the future, I might tell you the story of that financially. There are two things about this company that probably are very unusual. One, the sales...or the selling of the company to another company, the ultimate taking over of the company that acquired the company, is one thing that could really be a textbook case for a business school. And then the most recent thing, which is probably a phenomenon that will never be duplicated, and I'm sure that neither the industry, nor the financial community, really has evaluated it properly...

In 1979, Puritan Fashions did about $200 million worth of traditional business. Between 1979 and 1980, that $200 million was compressed to zero, at a loss of approximately $25 million. And during that same period, we developed a Calvin Klein volume from zero to $200 million.

Q: That is phenomenal.

A: And I'll tell you, that while we did it all under the banner of Puritan Fashions, I don't believe that the recognition of really what happened here...We had 10,000 employees in 1979. We have 900 employees in 1982. We were a company that people here for 30 and 40 and 50 years of tenure. I would say, with the exception of a handful of people, most of the people with our company are here only two or three years. So we really turned the company in a completely opposite direction from what it was. At the present time, and our year is just
up, where we completed 1981 at the volume of about $240 million, all
designer clothes business, none of which existed four years before.
So that really is an extraordinary thing that has happened.

Q: Would that include Diane Von Furstenburg?
A: Diane Von Furstenburg and Calvin Klein. In 1981 we
did about $240 million. $220 million was Calvin and $20 million was
Diane.

Q: It also means that you disposed of...
A: All of the other divisions.
Q: All of the plants as well.
A: That's True.
Q: That you owned. Of which there were very many.
A: About thirty-five.
Q: You've been a very busy man.
A: No question about it. People don't realize what has
happened here. Our earnings are just going to be reported within 30
days, and I would like to reconfirm the number I'm giving you now, be-
cause we'll have time to do it. I would estimate that our pre-tax profit
in 1980...was somewhere around $23-24 million. Which is, in my opinion
phenomenal.

Q: I'm busy looking at Moody's, which—even though it's
the current issue—stops as of the end of 1978...
A: At the end of '78?
Q: Yes.
A: Well, the company is no more like the company you have in Moody's that the man in the moon.

Q: No!

A: Because all the divisions that you have there do not exist anymore.

Q: That is to say...You're saying that what doesn't exist anymore...is...

A: Forever Young, Barnesville, Domani....none of those companies...

Q: Does Puritan Dress exist?

A: No. The only thing...as of 19...At the end of 1980, we had completed in two years the sale or liquidation of all of the 71 years of business of Puritan Fashions. And we took everything to zero, and I don't think that story has ever been told.

Q: I am absolutely openmouthed.

A: In 1979, I think we did $109 million worth of business. By the end of 1980, that volume was zero. And we did it...We did this. We took the regular Puritan company and went down, and as we did that, we took the Calvin Klein business and went up, and to have achieved that is a phenomenon of business. Very few companies could have. We still...if we lost $25 million in two years doing this, but made $25 million at the same time...

Q: There was an article in Business Week about corporate strategy, and that was, I guess, in 1979, and it was said in that article
that your five year plan was to phase out the budget apparel lines that were in 2,000 stores and to concentrate on medium priced designer fashions.

A: I achieved all of that...

Q: You achieved all of that in much less than five years.

A: Two years.

Q: Yes, that is phenomenal. I know enough about finances to know that that's phenomenal. Yes.

A: But, you know, our company was one of the top in the United States on its price movement of its security, like last year. Highest.

Q: But you know, there was a remarkable history of this company. For a long time, covering a lot of years. And I know this is the most exciting part of it for you, it's the peak. I would not like to lose it from an historical point of view...So...Could you go back over...Before..

A: Well, let me tell you the trials and tribulations and the snares and the pitfalls of the industry, as I look back, in our company particularly...There's something...You know, I wonder if the modern individual today could cope with the problems of finance, of inventory, of customer relations...A new line every season, and the ability of not having something that you could rely upon with your customers. The business, for many, many years, was one where the retailer and the manufacturer were not on equal terms. During the early years of
my life, the modus operandi within our industry was that the retailer would certainly not only talk down to the manufacturer, but they would really have practices of returns, cancellations, various other methods ...I'm talking now about the early years that I was in the industry, in the thirties, the forties, where it was a difficult thing to keep your head above water.

Q: It was also true in the fifties and sixties...

A: Well, to a lesser extent, because there was the beginning of the development of more responsible companies. But even then it was a difficult thing. And as far as I was concerned, it was only maybe in the late sixties, as our company started to develop a substantial volume within a narrow segment of the business, where we began to have the kind of credibility and reliability with the retailer that could command at least an equal level of respect. Of course, I think, today, there's not a question or a doubt that a lot of the manufacturers, and I hope my company's one of them, have the respect of the retail community, so that the policies that we have are not negated by the policies that they have. Honoring the orders and various other practices in the industry, that I thought were pretty bad.

Q: You'll recall that there was a time when you knew, very well, virtually every woman's dress buyer in this country. Because I remember working on a study once where I came to you and Ann Thaler had just died. Now, you had just been at her funeral. So this is a very personal...
A: Well, when you refresh my recollection of the personal relationships that were part of the industry--I don't know if you remember Lee Popell...

Q: Sure I do.

A: Or Gertrude Lerner, who was the buyer at Abraham & Straus.

Q: Edna Rothschild...

A: Edna Rothschild, as you know, was one of my dearest friends. But the quality of the buyers and the relationship between the buyer and the seller, was one of intimacy, not in the wrong sense of the word, but the guidance, the help, the direction, both ways, both from you as the manufacturer giving to them and they, as a retailer, giving it back to you...Is something that I think is gone in the present day. And the fact of the matter is, as I begin to recollect, practically all store presidents today, and in the most immediate past, have all grown out of the buyers and divisional managers of the ready-to-wear business, and when I think in terms of seeing the new young men who are coming in, yes, they're competent in a lot of ways, but I think there's something missing between the buyer and the seller in the relationship that exists today, vis-a-vis the relationship that existed in the past. I think the method of operation, with the computers and with the multi-branch stores, and the impersonal nature of the business, has lost something that we used to have in the early days of our industry. I don't know if
you understand what I mean.

Q: I understand very well. You know, one of the questions, always, has been how does a manufacturer or a store, change its image. and that has always appeared to be a very difficult thing to do. Now, Puritan has not even...You've not only changed your image, you have radically changed your image, and yet within a two year period you have arrived at the point of acceptance by all of the stores. Would you...

A: Well, I would have to say...I wish I could say that the credit belongs to myself, or the company, Puritan. I would say that initially the credibility came with the association with the Calvin Klein company. I think Calvin Klein himself, and his company, has a reputation and I think we were able to usurp, at least for a moment. I would hope that some of the things that we contributed--subsequently--added to the reputation that we've been able to develop. I think the combination of Calvin Klein and the Puritan company together has created the phenomenon where I predict, before the next five years are over, we will be doing $1 billion of manufacturing products under the Calvin Klein name. Now, I know, it's a very flippant number. But I know what we've done in the past four years. I'm forecasting for 1982 an increase of about 40%--to about $325 million--and I have no question or doubt that over the next 4-5 years we will achieve the volume of $1 billion with the Calvin Klein label.

Q: Are you expecting that part of that figure will come from the addition of product lines?
A: Yes. Well, you may not be aware of it--most people think we're still making only jeans--but we make skirts and shorts, blouses, knit goods and woolen goods and outerwear, and children's and young men's, and men's and Misses, Juniors...We just started an activewear division. The product mix that we have, both in classification and in the population that we cater to, is so broad that we're really just getting started. And the acceptance on the part of the consumer has been spectacular. Coupled with our advertising, I have no question that this can be achieved within the next 4-5 years.

Q: Incidentally, the Puritan Men's Sportswear...has nothing to do with...?

A: Is not our company.

Q: Why did they ever get that name?

A: Well, you know, in the old days, I think the name was Teitelman. They started in Altoona, Pennsylvania, and they started a men's company, called Puritan Sportswear. And my father had already been in business under the name Puritan, in Boston, Massachusetts. We did have some litigation together, maybe in 1958-59--The thing that helped us a great deal was the fact that they were taken over by another company. But the result of the litigation was that they would own the name Puritan for Men's, and we would own the name Puritan for Women's. If you recall, they had a division called "Lady Puritan," which they had to discontinue. And we did have some men's products that we made under the name Puritan which we discontinued. So that was the way that ended up. And fortunately, when Warnaco took them over, that eliminated their name from the financial
community, at least, so that they were merely a division of Warnaco. So their name disappeared, while our name continued to be more prominent as a result of being listed on the New York Stock Exchange. So that's how the two names got a little confusing. Both were very old companies.

Q: Yes, I know. The other one was 71 years old or something...

A: Ours was 71 years old.

Q: That's what confused me, when I found the article in your folder--which is where it should not have been, but it was in there--and....

A: But that's the way we resolved it though....

Q: Right. Well now, when you....Are you worried about the time?

A: I can give you a little more time, and then we can do it again, if you want to.

Q: Yes, I would like to. Because I think as long as you're talking about the thing of the modern period, let's stay with that. And then another time, I'd like 45 minutes...

A: Well, you know, you get nostalgic after a while, once in a while you think in terms of what's happened.

Q: Yeah. I just want you to...

A: Well, I just think about it, you know, when I think of all the names that cross my mind. I tell you, it's incredible. Because
in the early days, you were right...Personal relationships were something that were so valuable. And I think it's becoming more impersonal. The major difference that I see was buyers in the old days had their jobs for many, many years. Buyers today have their jobs for months rather than years. And it seems before you turn around they are shifting them around and changing them. And the other thing is that in the days when I was growing up in this business, buyers spent their time with the consumer, to get the consumer reaction. Now, with the computer, to get the consumer reaction, which they do today. I think there are buyers who have never been on a selling floor today. Vis-a-vis, in the old days, the buyer was on the selling floor. She knew the customer, she knew what they wanted. She saw the product that she bought, the merchandise. I think there's quite a difference.

Q: And yet this doesn't seem to be hurting your business...

A: Well, who knows what hurts the business. You know, it's like the Somerset Maugham story. Who knows what would happen if in today's time we had the buyers of yesterday. It's my opinion that the business would be much better. However, I think that, you know, there's a place for everything. Alright. Why don't we call it a day now, and...

Q: Just one thing while I think of it...Do you still feel as you did a few years ago, that there is a room for the small businessman:

A: Yes. I think that large companies are very much like an elephant. They can't be as agile as they would like to. And small
companies are like a tiger or a cat. They can turn on a dime if something happens today, they can execute it today. That's one of the things that I miss most about the business. Today, from the time I know something until the time I can execute it and see it in the stores, believe me, it's months, and it used to be days. And I think there's the strength the industry can always have for the small manufacturer.

Q: That's how Calvin Klein started.
A: I wouldn't be surprised.

Q: Early in '68, as a small two man business, Barry and Calvin.

A: Well, they've achieved phenomenal success. That's another story that, while it's been written, it's been written probably improperly. I think that they're probably one of the most successful companies that our industry has ever spawned. Incredible. And Barry, in his own inimitable way, plays a very important role in what happens. Not within the business, but what comes out of the business. How he invests it. He's really an unusual guy.

Q: Okay, we will...
A: Okay?

(Side 2)

Q: When we talked last time, you mentioned that there was kind of a textbook case for a business school in the intricate financial story of the sale of the company take over, the acquisition by Puritan ultimately of Reliance. Could you tell that story?
A: Well, the original business transaction related to the fact that Reliance had acquired our company, Puritan Dress Company for cash, a family owned business. I was retained to run the company. About two years later, the Chairman and principal stockholder of Reliance had some personal difficulties, and I, together with my attorney, Mr. Rubin...

Q: About what year was that?
A: This was probably in 1968.
Q: Oh, as late as that.
A: Yeah. 1968. I, together with my attorney, took over the control of Reliance. So what actually happened was that the company that acquired my company, for cash, I then turned around and became the principal stockholder of it. And then I did it, of course, mostly with debt, because while my company was a family owned company, I got one fifth of the purchase price and then when I turned around and took control of the parent company, obviously, the purchase price for the control of the company was substantially greater--many times greater--than the amount of money I had received for my personal interest....

Q: When you say a fifth, that's because you had...
A: Four brothers and my father. Four children....My father had four children. And we were all equal. We then took over the control of Reliance and proceeded to liquidate portions thereof, and ended up just with the women's apparel company. Of course, the most recent change, which was really the most dramatic in my life, was when we did the Calvin Klein license in 1978. At that time, Puritan fashions was running a traditional apparel business of about $160-165 million, and the Calvin Klein business, of course, was zero. And it became apparent to me...I don't recall...Did we
go over this the last time?

Q: Well, that was the next question I was going to come to. You've anticipated a little bit, because I was interested...Reliance had been making men's products as well. They had a much...

A: Reliance was primarily a work clothes jean company.

Q: For men and women?

A: For mostly...all for...men. They had a company called Big Yank, which was subsequently sold to Interco.

Q: Actually, what you bought...

A: Now Marlboro Shirt Company....

Q: Right. You bought...

A: Fleetway Pajamas...All for men...

Q: When you bought Reliance, did you buy the women's division only?

A: No, I bought the whole company.

Q: The total company.

A: Men's and women's. Of course things were so different. In those days they were doing about $75 million, which, in the sixties, was a pretty good sized volume. But the only women's divisions that they had were the women's divisions related to Puritan.

Q: Well, now, I know something about Interco, and they are generally pretty apt to buy companies with very good management and companies which are in good shape to begin with. So, if they bought Big Yank and...
A: Well, I left out a step on that one. Big Yank was part of the Reliance picture. In 1969, I sold the Big Yank division to the menswear management, and retained 25% interest. That company was subsequently sold to Interco.

Q: And the management that had been there stayed.

A: Yeah. Stayed there. And continued on. As a matter of fact, to the best of my knowledge they still are there. Do you want me to go on on the . . . So, as I was saying before, the most dramatic part of the life of Puritan Fashions, and I think really a milestone in the industry, was when Puritan Fashions acquired the license to Calvin Klein jeans. Which was in 1978. And, as I said before, at that time our company was doing about $165 million. It's interesting to note that by 1980, we had completely liquidated that $165 million business to zero (and as you know our figures last year in 1981 on Calvin Klein, was approximately $240 million). So it means that from 1978 until 1981, we were able to go from zero to $240 million in the Calvin Klein products, which I think is the most phenomenal thing that our industry has ever seen.

Q: At the same time you were...

A: Liquidating...

Q: Liquidating...other divisions.

A: Yeah. Right. We had liquidated...in 1979 and 1980, 100% of the total business of Puritan Fashions, other that its designer business. And, of course , I'm excited about the fact that last week we reported the earnings for the company for the last year, which was almost $12 million after taxes, for the year.
Q: Inasmuch as you were talking about this as a case study, really, and keeping in mind that if any of this is material that you want withheld until whenever you say, I think it would be awfully interesting to hear the specifics of how you go about liquidating companies and building another company.

A: Yeah, well, I would say the agility required to simultaneously liquidate a 70 year old company, with its facilities, its inventories, its accounts receivables, its union relationships, its personnel--which had had a great many years of longevity--and at the same time to start a relatively new company and build that up...The agility required, of course, was the tremendous losses that had to be taken in the liquidation of the old business on the one hand, and the ability to develop the profitability quickly enough so that the balance of the compensatory requirements of staying in business, on the one hand, while you were losing so much money on the other...It was not a hugely capitalized company to begin with. It's really one of the arts and the sciences of the business.

Q: How many people were involved in doing this?

A: Well, actually, it was myself and my senior financial officer. Because the only two people, really, that survived the transition from the traditional old company that we had to the new was the financial officer and myself. Because we had gone from a company that had almost 10,000 employees to a company that has less than 800.

Q: Where are the 10,000 employees now?

A: Well, unfortunately, many of them are in other companies now. I say unfortunately....
Q: Are they in production or manufacturing?
A: Well, obviously, they ran the gamut of anywhere from management right through rank and file people who were in production. We had gone from manufacturing almost 100% of our products to manufacturing practically none of our products.
Q: So that what you're saying is that the present company doesn't manufacture...
A: No.
Q: Do you use contractors entirely offshore...?
A: I'd say our business right now is about 65-70% domestic on a contractor basis, and the balance on an offshore basis.
Q: Well, now, you touched on the question of the union, and that is very interesting, because I don't think we had talked about unions at all before.
A: Well, our company has always been a union company, and, obviously...
Q: In all of its divisions?
A: Yeah. In all of its divisions. And of course, when we liquidated the old company, it required a tremendous amount of severance pay, which we worked out with the union and our employees, and it was a multi-million dollar severance package. Then it became apparent that there were no union jean companies, so we...
Q: When you say there were no union jeans companies...
A: There were no union plants in the jeans business...
Q: Wrangler....
A: Well, those are all non-union...
Q: Those are non-union?
A: Yes. As time goes on, occasionally, the union unionizes a plant here and a plant there, but generally speaking the jean business has always been a non-union business. It's a highly technical machinery type of business. It take special equipment. For the most part, jeans have been made off-shore. There are, really, certain areas of the United States that are particularly prolific in manufacturing jeans. They're usually close to the borders--like the Mexican border--particularly. That's why a lot of our plants are positioned in El Paso, Texas, where most of the help there come across the bridge. And I'd say the majority of the workers are Mexicans. It's called the headquarters of the jeans manufacturing industry. So, not having our own plants, we were able to manufacture these jeans on a non-union basis. I would say that had there been union plants, we probably would have had to make them in union plants...

Q: What's going to happen now that you're beginning to diversify your product mix with Calvin Klein.

A: Well, as we get into single needlework, we are using union shops. And I have no objection to the union, of course.

Q: And your contact isn't directly with the union anyway, is it? Isn't it through the contractor?

A: Well, when I had my own plants it was directly with the union, of course. On a contractor basis, even though they deal with the contractor, it is usual for the so-called jobber--which is the position that I would be in if I don't own the plant--to be responsible for the union fringe benefits. And, of course, I am.
Q: What's the history of financing a business like yours? We haven't discussed factoring or....

A: Well, in the history of my career in the apparel business, of course, I've run the gamut of all types of financing. In the beginning, as a family owned business, we were able to finance that company and its growth on a private basis. As our company expanded and became acquired, first by Reliance Manufacturing....They had the finances to handle their own financial requirements through bank support. When it was necessary for me to buy out the controlling interest of Reliance, that was the first time I was introduced to the factoring end of the business. And as I mentioned to you, when we purchased the control of Reliance, I needed to borrow money to achieve that. So part of the technique that was used was to borrow the money and factor the financial requirements of the company. That was continued until about 1969 or 1970. At that time we went into what is known as accounts receivable financing, where you use your accounts receivables as collateral for the borrowing of money. It's on a non-notification basis. Of course, you own the accounts, which is the difference between factoring and accounts receivable financing.

Q: So that's done through a bank.

A: It's done through a bank. And in the last few years we've been able to create our own lines with our own banks. We have now a consortium of three banks--the lead bank being Bankers Trust Company, together with Chase Manhattan and the Chemical Bank. Currently we have a line of about $35 million, and at the present time, of course, we're not using that much but we have it available to us and we can handle the finances of
the company quite comfortably at the moment. But I've had both...as a private company, running our own finances, and then as we became a public company it was necessary to factor the business. And then as the company got in a little better shape, we were able then to do non-notification accounts receivable, and we're now back to a traditional type of borrowing with some of the major banks in the city.

Q: I'm sorry...I guess I'm not familiar with the term "non-notification." That means you do not have to advise...

A: No. That means that the bank does not buy the receivables. In factoring, the financial institution actually buys the invoice and gives you the money in advance. In accounts receivable financing, you use the accounts receivable as a collateral, for which the bank loans you money against those receivables.

Q: The "non-notification" means that your accounts do not know...you're doing this.

A: Right.

Q: Which, of course, they do know when you're factoring.

A: Right. With factoring, you actually sell that receivable.

Q: Right. When does the.....I mean, you said you had a $35 million line of credit at this point. Not necessarily in your business, but in general....At what point are ready-to-wear businesses of this size apt to need the kind of cash flow that can't be maintained evenly throughout the year? Is it when you buy your piece goods? Is it when your merchandise is being manufactured and you have to pay your contractors?

A: Well, the time that your cash flow has a problem, of course, is when you have inventories that are very substantial, work in
process that is very substantial, and shipping that is very minimal. It's like a scale. Cash flow is created by sales, sales meaning shipments. The relationship between the shipping that you do and the receivables that you have against your current requirements of running the business, plus your accounts payable, must be in proper balance, in order for you to meet all your obligations. I would say that the business that we have runs pretty evenly over the 12 month period. The variations that we have from month to month are the fact that we operate on a 4-4-5 week basis, every quarter, and then the only other variation that we have is that our price lines are a little higher in the fall than they are in the spring. So that our sales volume automatically is pretty level. It's shocking, but...

Q: Well, I would think that if you have discovered the secret of how to achieve that, you discovered something important. Because the coat manufacturer, for example, historically, was always in serious trouble.

A: Yeah. Well, we have been able, even before the Calvin Klein situation, we've been able to find a way to level out our seasons where the variation between one month to another really was only in relationship to the average unit price, that was a little higher in the fall than it was in the spring of summer. But, yes, I think that with the diversification of our distribution (meaning on a national basis) you eliminate the seasonal differences. As you know, certain parts of the country carry different season products than other parts of the country. So, the combination of national distribution does have a tendency of leveling the capability of sales and shipping.

Q: And, of course, with the volume of the size that you've
attained, I would think that it is something which has to be looked at all the time.

A: Oh, yes. But as I pointed out to you, if you eliminate the Christmas period, where you have sort of an automatic vacation and interruption of work; and if you think in terms of the June-July area which is also typically vacation time--and I've grafted in our company, I tell you that the difference between one month to another month is really very little. So we've got it down to where it's really a pretty level 12 month business, with the exceptions that I mentioned, with the variations during Christmas holiday and the variations during the vacation period, and the difference in the average price in the fall vis a vis the spring and summer, the fall being a little higher. As a matter of fact, we're required to develop budgets and forecasts, and it's incredible how accurate you can be, even know they think the apparel business flies by the seat of its pants.

Q: When you say "we are required to..." Who is required to?

A: Well, in order to fiscally control your business, from a cash flow point of view, and as a public company it has requirements to make forecasts to both the banks and for the Wall Street community, you have to develop reasonable accuracy.

Q: I guess what I'm really trying to find out, too, is... let's...Well, I don't know how many divisions this Calvin Klein business is divided into now...It's obviously quite a number of them. Is in each division... still headed...No, I shouldn't say still headed...Is each division headed by a merchandising oriented person? A financially oriented person? Or by a combination?

A: We have the same table of organization that most of the
retailers are using now. A combination of merchandising executives and a controller type administrator. In our company, because we are basically a merchandising company, the chief executive officers of every one of my divisions are merchandisers. But, they have, as an integral part of the top management, a fiscal officer and administrator, who sees that the budgets are adhered to. That the cost...the fixed cost of maintaining the businesses, from a table of organization point of view, when it is budgeted ...

We are fairly accurate in forecasting by division the sales and the profits for the most part, on every one of our divisions. While Calvin Klein company is one, it is broken down into boys' wear, girls' wear, Juniors, Misses, and mens'.

Q: Five divisions, essentially.

A: Five divisions. And then within each of those divisions we have what we call "jeans wear," which is the denims and the corduroys and the basic area of the business. And then we have what's known as the Calvin Klein Active Wear, which is a typical sportswear...So, when you really dissect it, it is really 10 divisions to the company. And then, of course, you get into the children's area, where you've got 3-6X, 7-14s, toddlers, pre-teens. So it becomes segmentized even further. But in order to properly control each of these divisions from a fiscal point of view and a merchandising point of view, there is a combination, as we have just discussed, of the senior merchandiser and the senior administrator, working as a team. On the other hand, we centralize certain aspects of the total company. We think that everything that does not touch the retailer, we can centralize. For example, we centralize all the fiscal-financial areas like accounts receivable and accounts payable. We centralize all the warehousing
and the shipping. We centralize to a great extent all of the fabric purchasing and manufacturing and importing. But everything that relates to design, sales...we segmentize on a divisionalized basis.

Q: Have the people who are now...Are the people who are now heading these divisions survivors of any of the past...?

A: No. There are no survivors. I think the traditional business and the designer business are completely different. Initially, I tried to preserve some of the personnel. It just didn't work out. The whole concept in dealing with the customer and even the consumer, the point of sale presentation necessary; the advertising that is a very integral part of the designer business, never existed in our traditional business, in the past. The creation of point-of-sale departments that we have in all the major stores now, and the program that we're expanding in that regard, were completely foreign to the kinds of staff that we had previously. I would say that the average age, now, of our company is substantially younger than it's ever been. I would venture to say that if I took myself and the senior financial officer out, I would think that the average age of our management was somewhere under 35 years old.

Q: What...I'm sure that this gets to a very tricky kind of question, but you must have given thought to it...What happens to succession in a situation like this?

A: Well, I think in this particular company, succession is being developed, whether it's by design or accident I'm not sure. Because there was someone who said there's a big difference between being a Vice President and a President. But all of our divisions, as I just pointed out, is creating the ability for the chief executive officers of those divisions to really run their own businesses. The only difference between their job and mine for the most part is the fact that it would be a multi-divisional
rather than their own division. But the training that they are having at their divisional level is pretty good training, and they're developing the expertise and the ability to take my job. I think that...Well, there's always criticism of companies that seem to have a one-man rule. I believe that business are best run as dictatorships.

Q: I personally...I'm not asking the question because I have any sense of criticism. I'm wondering really how anyone ever replaces Carl Rosen.

A: Well...

Q: Realistically, you know...

A: I'm sure that I was probably the right person to bring it to where it is now. I'm not sure I'm the right person to take it where it must ultimately go. I think that, hopefully, I'm developing the capability with these five individuals now, and who knows what the future holds with others that may come along. But one might well be able to assume that position. I am in reasonably good health, and while I'm not planning to move at the moment, I think if there were an emergency that took place, I think somehow...the history of our great country has proven...that there is always someone who will step into the shoes and prevail. I think what we're trying to do is to institutionalize our company to a great extent where I believe the individual entrepreneurial requirement, that might have been true in our industry and some people might even think is true in this company, in fact, is probably not true.

Q: I know of only one really big company, in which the succession is going to be clearly family. I don't think I know another one. Besides the one. There is one in which there has been a continuity and there will be a third generation to run it. It's all very interesting
academically. You don't see a succession...a family succession.
Necessarily...

A: No...I have a son who runs the menswear business...
I would think if...He's only 25 years old...doing a very good job. I would think if he continues to develop he would have a chance, like a lot of other people in the company. Would I have the desire and the hope that he might? From a personal point of view, I think the price is too high.

Q: You do?
A: The price to pay. I think the responsibility of owning these apparel companies, while it may from the outside look like a piece of cake, I can only tell you it's tedious, never-ending responsibility that is: The game may not be worth the name, or the name may not be worth the game.

Q: I would think in your case, that you would not feel this way for yourself though...

A: Well, I don't feel that way for myself, but I feel that was...When you ask me if I would like to see my son follow in my footsteps, I would say I have sacrificed many personal things. For some of the pleasures that I've had in corporate life...And as I look back, maybe for my life, there may not be anything I'd want to change again, but certainly the sacrifices that one makes when you take the responsibilities I have, are great. It's a lonely world, as you get older...

Q: When I played back, to myself, the interview of last time, I was struck by the fact that you said that there were two major influences
in your life. One was the army and the other was your father and his philosophy. But I really...I didn't...I would like to know a little bit more about that philosophy, if you can...

A: Well, my father, of course, was an immigrant. All the culture in my home, when I was growing up, was my mother. My mother was also an immigrant, but she wanted to read better and write better. She wanted to study. She wanted to play the piano, and she enjoyed all the things that had culture to it. My father, on the other hand, was dedicated to just the one thing, which was making money and being successful. And he too paid the price of...while I loved him very much...All my recollections of him were completely his devotion and dedication to this business responsibility. I even remember when I went to work with him. initially, when I was a young boy, how difficult he was if I wanted to play golf, or wanted to take even a Saturday afternoon off, because his whole life was bound up into the responsibilities of his work, so that the influence he had over me in the early years, was so strong, about the dedication that one had and the working...And, of course, even when computers came into being...he always stood on the statement that in our industry there was no computer that could replace the hard work and the tedious hours that were required.

Q: Was he the retailers equivalent of the person who has to be on the floor, who has to make sure the electric lights are...

A: Absolutely. Well, the only story I can always tell is we never really, in his tenure, expanded to the success that we could have achieved because he only wanted to have our facilities on one floor and one
of us, one of the family, had to be the first one in and the last one out. There was no such thing as absentee ownership-management. Somebody had to be there all the time. He wouldn't trust anybody. But that was the environment that I was brought up in, and fortunately I was able to change some of my opinions. Because, on the basis of the way he ran a company, it could never have grown very much. He had limitations.

Q: On the other hand, this business of being in first and out last...I think has rubbed off, hasn't it?

A: Well, it has rubbed off, in the location that I'm in. But as you know, we have about 35 other locations. And I can only be in one of them at any one time, so that, my father, who would never have...his words reverberate in my ears...when I think about the number of people that we have and the number of facilities that we have...And by the way he in some regards was probably correct. I think that there is a mysterious disappearance...There's a pretty good percentage of our business...And unfortunately these things take place. As a result of absentee-ownership management.

Q: Could you talk a little about...And I think that's the last thing I can think of, although perhaps you will have some things you would like to add...I know that between our first visit and today, the Diane von Furstenburg division has been announced to be dissolved. Or eliminated. Has it not?

A: As of this writing, it's not official yet, but it's in the cards.

Q: Uh huh. Are you planning to replace it, or is this
going to be totally Calvin Klein operation?

A: Well, it only represented less than about 10% of our total business anyhow. And I feel strongly that as Calvin Klein, as I pointed out, is becoming a multi-divisional company, whose sales I expect to be in excess of $325 million this year, I felt that the effort and energies and the capital that was devoted to Diane could best be served at Calvin. And having only the greatest regard for Diane and her business, I discussed with her the feasibility for her benefit; that perhaps it would be best that she re-evaluated what she wanted to do with her name. It was done in a very friendly, constructive basis. And I would hope that if she has something available, and the direction of our company changes in the future, the bridges have not been burned.

Q: I think that I'm interested that you have no qualms about putting your entire effort into one person.

A: No, I have none. I think that Calvin is...Obviously from a technical/legal point of view...We have contracts that have options on our side; benchmarks that have to be achieved that are more than reasonable. And I see no fear--no more than he should have a fear--of putting all of his licensees in the women's wear area with me. I think that both Calvin and Barry and I have developed a very good sympatico. I think...We're beginning to have a few investments together, which always makes it a little more interesting. Barry and I have a lot of common denominators. Calvin, of course, we both consider as somewhat of a messiah; someone apart. But the relationship is so good...I can think of no concern that I have, form an individual point of view of form a fiscal/corporate point of view that would
deter me from being able to do the job that I think we're beginning to do. If I want to dream in the future, I can foresee, within the next five years, a development of a Calvin Klein business under Puritan that might achieve $1 billion in annual sales. As I pointed out to you before, we have become multi-divisional Calvin Klein complex.
OBITUARIES

Carl Rosen, Puritan Fashions Chairman

NEW YORK — Carl Rosen, the 65-year-old chairman of Puritan Fashions Corp., died Monday at Memorial Sloan-Kettering Cancer Center of complications resulting from bladder cancer.

Services will be held at 3:30 p.m. Wednesday at Temple Emanuel, 1 East 65th Street. Puritan's offices will be closed that day. Friends may visit the family following the services, at 900 Park Avenue, Rosen's residence.

Born May 17, 1918, Rosen began his career in the apparel industry in 1938, when he joined Puritan Fashions Corp., a company his father, Arthur, founded in 1907. Carl Rosen took over the leadership of the company 10 years later and transformed it from an insignificant, privately held and somewhat dowdy dress company into a volatile, publicly traded corporation with a number of designer names in its stable at different times. The company's erratic stops and starts in the dress and sportswear markets over the years were mirrored by its up-and-down profit-and-loss statements, which seesawed depending upon which businesses Rosen was pursuing at the moment.

A tough-talking, craggy-faced entrepreneur with a penchant for fast horses and a glamorous lifestyle, Rosen was a gambler who managed to outmaneuver the rest of Seventh Avenue in the early Sixties when he landed the license to sell Beatle merchandise before the group was popular here. He dabbled in real estate, represented Bobby Murcer of the New York Yankees at the bargaining table and opened one of the first youth-oriented boutiques, Paraphernalia, in the Sixties.

But Rosen's reputation among his peers on Seventh Avenue was as checkered as his company's history. While some viewed him as a brilliant merchandiser who created hot items and pushed them to their highest potential, others considered him an uncouth and power-hungry dynamo who needed an assortment of interests to assuage his enormous ego.

In recent years, however, Rosen showed a dedication to his business and a determination to turn Puritan into an industry leader in both fashion and finance.

In 1977, Rosen managed his most significant coup when he snared the licensing rights for Calvin Klein jeans and sportswear for men, women and children. It was at first considered an unlikely partnership by those on Seventh Avenue who viewed the rough-edged Rosen as an unlikely associate for the exacting Klein.

"I wish everyone could have had a relationship with their licensees like we had with Carl," said Calvin Klein. "Rosen had been ailing with cancer since June, 1982 but remained active at Puritan until recently. In March, he stepped down as president, relinquishing that role to his son, Andrew."

Survivors include his mother, Sadie; his wife, Shirley; two sons, Andrew, Puritan president, and Douglas, who recently joined the company; two daughters, Lisa, director of marketing at Puritan and Michele Powers and two brothers, Leo and Gerald.
Transcripts housed in Special Collections:

1. No photocopying without written permission from the oral author or his designee. The Director of the Library will furnish addresses; the reader must write for permissions.

2. Written permission is needed to cite or quote from a transcript for publication. The user must send the Library Director the pertinent pages of final draft; the Director will assist in obtaining the final permission. The form of citation normally used is: "The Reminiscences of ________, (dates), pages ________ in the Oral History Collection of The Fashion Institute of Technology." No fees will be charged for published use. User is asked to furnish Oral History Program with a copy of the published work.

3. In order to see PERMISSION REQUIRED or CLOSED memoirs, the reader must obtain the written permission of the oral author or his designee. Contact the Library Director for addresses. The reader writes for permissions. Written permission if obtained must be presented when the reader visits.