THE ORAL HISTORY COLLECTION, F.I.T.

THE FASHION INDUSTRY LEADERS

ALFRED SLANER

Former President of Kayser-Roth

Date of Interview
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Interviewed by
Mildred Finger
Kayser-Roth, Inc. now a division of Gulf & Western, Inc., resulted from the merger in 1958 of the Julius Kayser Co. without the Roth Company. Both companies had specialized in stockings, although the Julius Kayser had previously diversified into other types of fashion merchandise. The Julius Kayser Company was formed in 1865; The Roth Company was founded by Chester Roth and Alfred Slaner.

With the merger, the company had a combination of strong management and a strong financial structure; it grew rapidly. The Gulf and Western Company retains the management of the Julius Kayser Company. Chester Roth and Alfred Slaner retired some years ago.
Brief history of early years of Chester Roth.

C. Roth and partner start hosiery jobbing business.

Description of C. Roth's operation as a successful jobber in the early 30's.

Alfred Slaner joins Chester H. Roth Company in 1935.

Special World War II and post WW II activities including purchase of competing hosiery manufacturers.

Modest diversification of product mix; continued acquisition of brands and of mills.

In 1956, Kayser-Roth came into being subsequent to the purchase of the Julius Kayser Company, an old company, by several outside investors. The Julius Kayser Company had a broader product mix than Roth.

Management setup subsequent to merger of 1956. Chester Roth responsible for acquisitions; Alfred Slaner administered the companies.

A. Slaner left the Company in 1969. Gulf and Western acquired Kayser-Roth in 1974. C. Roth died about a year later.

Presence of Roth family member in the business.

Licensing in Roth division.

Sites of production facilities.

Nature of the sales forces.

Store relationships

Prior to resignation of Alfred Slaner, but after the merger with the Kayser Company, the management team of A. Slaner and the presidents of each division met quarterly to determine plans.

Brief discussion of import and export operations.

Summation of the history of the Roth business including sale to Gulf and Western, then headed by Charles Bluhdorn.
Q: ....the Oral History Collection of the Fashion Institute of Technology....This will be an interview with Alfred Slaner, formerly President of Kayser-Roth. The date is February 1, 1984; the interviewer is Mildred Finger.

Why don't we start the story of you and Kayser-Roth by talking first about the Roth part of the business; how it started...Tell us about Mr. Chester Roth.

A: Chester Roth was born in 1902, and....

Q: Was he born in New York?

A: He was born in New York City. In 1920 he went to work for a company called the General Merchandise Exchange, and he became the Assistant Buyer. And then...

Q: Was the General Merchandise Exchange a retail operation, or a wholesaling operation, or....?

A: It was a jobbing operation.

Q: A jobbing operation. Uh huh. I'm sorry. What did he do before that? He went to school, I assume.

A: Yes. He went to school. He went to Evander Childs High School. I think, and during World War I he worked on a farm, which was something there was evidently a program for, because he was too young to be in the army.

Q: That's very interesting. So he worked on a farm.

A: He worked on a farm, way out on Long Island.

Q: There was a lot of farm country out near the Hamptons.

A: He was with the General Merchandise Exchange. They were a
full line jobber house. They sold all sorts of things and one of the items was knit goods, and that was the item that Roth took over.

Prior to that, he had a job that might be of some interest. ...He had a job in a drugstore, at a soda fountain. One of the people with him was a fellow by the name of Rose. Rose was a person who had great skill with a typewriter. He and Roth developed a special ice cream made of chips, and this drugstore became very widely known. Rose became Billy Rose, who was the man who worked with Bernard Baruch and...

Q: And who was a great, great typist and stenographer, apparently.

A: Right. Chester Roth left that business to get a regular job in the market, with the General Merchandising store. He had a brother-in-law who was my father, and the brother-in-law had a store in Oklahoma.

Q: What was your father's name?

A: His name was Jack Slaner. And he and Chester were pretty good friends, as brothers-in-law go. There was quite an age disparity, but Chester was very much interested in listening and talking to the older people in the family. He was the youngest of five...There were five girls and he was the only boy. He was the youngest of the group. He discussed with Jack Slaner his...

Q: You said that your father came from Oklahoma?

A: Yes, he came from Oklahoma and he was in New York to buy merchandise for the store. And he and Chester were talking and Chester
explained all of the work that he had done, and he indicated he was not happy because he wasn't earning quite enough, and he told Jack Slaner that he was earning $15 a week.

Q: This was in about 19....?
A: This was about 1920.

Q: He married very young.
A: He wasn't married.

Q: Oh, he wasn't married. He had just met your father.
A: No, my father was his brother-in-law, in the sense that my mother was Chester's sister.

Q: Oh, I'm sorry. I see. Jack Slaner was married to Chester's sister.
A: She was a librarian at the public library on 96th Street.

But, when he spoke to Jack Slaner about all the work he had done, Jack Slaner said, "Well, I think that you're being used; you should be paid more." So he went to the General Merchandise Exchange and he told them that he was going to leave unless he got more money and they immediately decided they would give him $50 a week. He came back to Slaner to tell him about how well he had done, and Slaner said, "Well, if I were you I would leave. Anybody that would keep a person on at $15 a week, and then pay $50 a week you don't want to work with." Chester took that to heart and decided that he and his superior, the man he worked for there, who ran the department, should start a business. I don't remember the man's name...Chester had told me his name.

In any event, they started the business of Roth and whatever
the other man's name was.

Q: What kind of a business was it?
A: It was just what they had been doing at the General Merchandise Exchange. They would buy hosiery and sell it to the market, when people came in from all over the country. They had connections with some of the mills. At that time, the marketing of knit goods was the classical one: there were the mills, jobbers, and the retail stores. The....

Q: Did the mills have offices in New York or...?
A: Yes.
Q: They did.
A: They did. But they did not sell anything in those offices. They sold only to jobbers. A mill would not sell anything to a retail store. You could buy only through the jobber. J.C. Penney, as big as they were, in order for them to be able to buy from the mill, had to buy a jobbing house. But in any event, Roth and his partner felt that they could do well and that they could reduce the cost of marketing by not having the requirement of about 19-20%, which was what at that time the jobbers required in order to make a profit.

Q: 19-20% markup?
A: Yes. Unfortunately for the business, which was doing well...
Unfortunately the partner died. It was a peculiar thing. He had spinal meningitis. And Roth was left.

Q: About what year was this?
A: Oh, about 1925. And Roth was left with this business. He
had another brother-in-law....

Q: Another of the five sisters married.
A: Yes. His name was Benjamin Shapiro. After World War I, Benjamin Shapiro had set up a business called Shapiro Brothers Factors. Chester was able to become a client of his brother-in-law, who gave him a certain amount of capital to start with. It was pretty much what he would have done for anybody else, but I would say Roth had some advantages that a stranger wouldn't have. He knew pretty well what his customer wanted, and he would go down to the mills and in many cases he would give them orders for hosiery and say, "As soon as you have my order ready, you pack it and send me the bill and we'll pay you for it." This was one of the ways that it was possible for Roth to really reduce the cost.

Q: Ordinarily what would the procedure have been?
A: Well, the procedure would have been...What they would do is set up a line way in advance, and the jobber was supposed to make commitments so that the mills could operate. This was right about the early '30s, and business was bad through the Depression. Cash was very difficult to obtain, and the jobbers were not performing the function they had previously done. Among the reasons why they didn't was that it was too difficult to guess how well the particular items would sell. They would come out usually with a spring line and a fall line, and have to sell out the whole line in advance. That was the jobber's function, to give the mill the orders so they could do it. The jobbers found out they couldn't do that much in
advance. So they sorted of reneged on the process, and therefore, the mills were looking for new places to sell their goods.

This was one of the things Roth was able to do. He didn't need to have a jobbing warehouse, which all the jobbers had. He had the mills be their own warehouse. He would give them their orders. Ninety days later they would tell him the merchandise was ready and he would then pay; that is, the Shapiro Bros. factors would pay for the goods, and that gave him his credit. He could then take a shorter markup. By underselling the traditional jobber, he got the business, and the business grew.

In 1935, Roth decided that he really didn't need a factor or couldn't afford a factor. The rates that the banks charged were so much lower than the rate that the factor charged that Roth felt that he would have to operate using the lower cost of financing of the bank. The reason I know these dates so well is that 1935 was the World's Fair in Chicago, and Chester took his mother to that World's Fair. At this time I was living in Oklahoma. It was in the summertime, and...

Q: How old were you then?
A: I'm going to say about fifteen.
Q: So you were born in 1920.
A: No...I was born in 1918. So...How old was I?
Q: In 1935, you were 15 years old.
A: And we were at a place called Glenwood Springs in Colorado, and Chester came out...He really came out to visit his brother-in-law, Jack
Slaner, my father. He brought his mother, because my mother was there too, so... He had this sort of family plan. He wanted to talk to my father about his leaving Shapiro Brothers Factors. My father felt that Chester was right to leave, and in order to have sufficient capital so that the banks would give him credit, he would have to have a longer line of credit. Chester wanted then for my father to help him out by buying a bond, as part of a bond issue that he was going through, which would enable him then to borrow from the banks at a lower rate of interest. He could afford to pay 6% on these bonds that he was going to sell. And my father agreed to do that and that made it possible for Roth to again have a lower price, because he had lower financial costs.

Q: I'm sorry. I interrupted you about the bonds. You were saying that the bonds were issued privately, and that is a way of raising some money.

A: That's right. Practically all of the bonds were bought by members of the family. It was a good deal for the family. You couldn't get 6% for your money in those days. And at the same time, it was a wonderful deal for Chester because he could not get credit. Nobody would give him credit, but his family believed in him, and that's what happened.

Where are we now? That's 1935.

Q: You said 1935. That's when he had the talk with your father.

A: In 1937, I worked for Chester Roth in the summertime.


A: And then in 1939 I graduated from college, and I went to
work for Chester. It was one of those things that Chester and my father had planned... He liked me and it wasn't easy in the thirties to just go get a job. But that's... I came here then and I was paid $100 a week, which made me one of the highest paid people in the company.

Q: Incidentally... Had Mr. Roth married and had he any children?

A: Yes. He married... He didn't marry until 1937. There were no children at that time. We'll get to...

Q: And so there you were, now, in the business, earning one of the top salaries in the firm.

A: Yes. I was one of the few people who was... who had a graduate degree in business, and this is how Chester was. He had it planned that we were to be partners. This is what he told me. Then, about two years later, I spoke to my father, and my father said that he didn't think that I should just work there; that maybe I should have a piece of the business, and that I should buy an interest. I spoke to Chester and he agreed to sell me 20% of the business...

Q: Had it been incorporated before then?

A: Yes. It was a private company, but it was a corporation. And I bought a 20% interest in the business, and the business at that time was worth right about $500,000. When I bought 20% equity, I paid $120,000 and that was from money that I had... The family would give you on Bah Mitzvah days and other days and you never spent any of it. It was always put aside for going into a business. And part of the bonds that Chester had sold to my father, were used also so that I could... Chester paid that back
and I used the money then to buy an interest in the business in the amount of 20%.

Q: And what was the name of the business at that time?
A: Chester H. Roth Company.

Q: The Chester H. Roth Company.
A: Now, the Roth Company, during this period, had outgrown some of their previous positions with the various mills. The mills sometimes would have the kind of merchandise they wanted, and sometimes they wouldn't. In the meantime, Roth had built this business and had an overhead in the business and he felt that he had to have guaranteed production available. And towards that end, he made contracts with the standard hosiery mills in Burlington, North Carolina to sell their production; he would be their sales agent. And at the same time, he set up a company called Century Hosiery Mills and another one called Duke Hosiery Company. The Century one was in Burlington, North Carolina and the other one in Hickory.

Q: Duke was in...
A: Duke was in Hickory. My first job was to work in Hickory. The Duke mill wasn't doing well and I had to set up a cost system. I reported only to Roth, and he never would let me take a job, say, that somebody else had been doing. His point was that we were going to constantly expand and he wanted me to be with him almost all the time.

Now, from there on out, I would say...From 1939 through 1950 the...to be Kayser-Roth Company was still just a hosiery company, but it had become one of the largest hosiery companies and it had a net worth of about ...Well, I'll tell you...I remember that I figured out I had a million dollars,
so the company had to have $5 million, because I only had 20%. And that was....

Q: So the company's net worth was $5 million...
A: If the company's net worth was $5 million, my share was $1 million. That's the only reason I remember those numbers...

.....That was about 1950. The war was over and that's how things were going. And we were basically in the hosiery business; women's and men's hosiery.

Q: I didn't mean to interrupt you....During the war and post-war period, which was 1939-1950, were there any special...
A: Well, the war helped everybody. Business was very good and DuPont invented nylon in 1939. Prior to that, ladies' hosiery was made of rayon or of silk. The silk all came from Japan. The Japanese seemed to know what was really going to happen because the Japanese told everybody ...all their customers...all customers of the Japanese, that we'd better buy all that we could because it was going to be difficult to get silk.

When the war came, the various agencies were able to put a block on the use of silk. You needed silk for powder kegs, all sorts of things. And the hosiery manufacturers had the silk. But the government refused to let anybody use the silk, and in effect, purchased the silk at a price that still gave everybody a pretty good profit, but not nearly as much as the silk was worth.

Q: You mean the government bought it up from the mills.
A: Yes. When the war was over....The government wanted to sell the silk. They had not used it all, or they had not used much of it. They had not known nylon would be able to do a better job than
silk. They wanted to sell the silk back to the mills, and they wanted to sell the silk back at double what they had paid for it. Well, now, those of us in business were accustomed to people doing things like that, but we didn't think the government would. But, they worked it out so...

At that time they had a price control, and in order for the government to get the price they wanted for that silk they just removed the silk from the controlled list. Now whichever hosiery mills, at auction, paid the highest price got the silk. But, at the retail level, where there had previously been this price control, there was none and people had to pay... instead of paying 69¢ they paid $2 or $3 for a pair of stockings. That did help all the ladies' hosiery businesses, because everybody did very well.

Now, from there on out, I would say the history of... We still stayed as a hosiery business, but we bought many of our competitors. The Nolve company.

Q: I'm sorry. Could you spell that?
A: Nolve. N-o-l-v-e and Horst. H-o-r-s-t. They were an old line men's and women's hosiery manufacturer, and they were in Pennsylvania. We bought that company but we really just bought it to have the brand name. They had a brand called Westminster, and there were customers that liked that brand. We also purchased Mojud Hosiery...

Q: M-o-....
A: ...j-u-d. Mojud was one of the better branded hosiery manufacturers. They were located in Greenburg, North Carolina and they had a finishing plant here in New York. In addition to the hosiery, they also made lingerie, and this was the first step out of hosiery.
Q: And the development of a product mix that was a little bit larger. Right.

A: We purchased several hosiery mills in North Carolina. There was one in Dayton...We bought one in Dayton, Tennessee. We bought a mill that was called Margate in Chattanooga. And...

Q: This was all in the early '50s.

A: All in the late '40s or early '50s. At this point, as a result of nylon, it was possible to shape ladies' hosiery that would be seamless. Up until this time, all of the women's hosiery, better hosiery, was full fashioned. Are you familiar with that?

Q: Why don't you explain it so that...

A: The full fashioned stocking was the stocking made really on a flat machine, and knitters would knit a certain number of stitches and the stitches would be fewer at the ankle and more at the thigh, and that's how you got the fit. With seamless hosiery, it was possible to knit the hosiery faster...because you would just be turning a cylinder. All the sweaters were made that way and men's socks were made that way, but you couldn't do ladies' hosiery that way because you wouldn't have the fit that was required. But with nylon, it was possible for companies to make ladies' hosiery and have the product bordered in such a way that it would fit, because you could take the stocking and put it on a form and heat it and the stocking would stay that way. That became a tremendous item. It required all new equipment and women had decided they didn't want to wear stockings with a seam. All of the full fashioned had to have a seam, because they were knit flat and then the back sewed in.
That didn't affect us as much as it did certain companies. Hanes Hosiery, on the other hand, was the chief recipient of the benefit of this, because Hanes was a seamless maker, and seamless stockings were always the cheapest because you couldn't...They were cheap to make but they didn't look very well because they didn't fit. But, once nylon came out, Hanes knew more about knitting seamless stockings than anybody else.

Q: You mean the new nylon....
A: The new nylon, knit that way; At that time we bought a hosiery mill that had a lot of seamless machines. It wasn't easy to make them and nylon was very expensive and there was a lot of money made in the hosiery business overseas at that time because there were no nylon stockings being made in Europe. And all the women wanted nylon stockings, and you've heard the stories that when the GIs all went over there, all you needed were stockings...But in any event...

We're almost at the point now where Kayser comes in. We now had a business that was a big business and Julius Kayser...

Q: I'm sorry. When you say "big business"...About how much volume were you doing.
A: We were doing...Well, let's see....Oh, I guess we were doing $50-75 million...We also developed a...We had bought the brand Esquire socks from Mojud, and we had decided to make it a bigger brand. We did that right at the end of the war and it prospered. It was not easy to do. But we developed this one...We had bought Interwoven Socks, which was one of our big competitors. We bought Hole Pruf Hosiery, but that really
came in with Kayser. It was Kayser who had bought Hole Pruf Hosiery, and then we bought Kayser. That came with him. We developed a stocking brand called Schiaparelli which did well in the high fashion stores. We bought out Phoenix Hosiery....

But when we bought these out, really we were just buying customers. Our ability to make hosiery in the South was such that we could out-produce any of these people. The South had lower wages and we were able to grow and buy out a lot of the...

Q: You grew by acquisition of other people's mills and so on.

A: About that time there was... You asked about the war. And Hinerfeld, he could tell you something about this. Hinerfeld's father had met a man by the name of Abe Feinberg who was with a company called Feinberg & Sons, and then I think it became Feinberg & Katz, and they bought Julius Kayser.

Q: They bought the Kayser Company.

A: The company had been an old line company in the business of retail. They had stores at one time or another. But in any event, they were a public company...and Abe Feinberg and Mr. Heinerfeld and another person were the people who bought up Julius Kayser. And Julius Kayser had at that time purchased "Wholeproof..."

Q: I'm sorry. How do you spell "Wholeproof"? H-o-l-e....p-r-...It wasn't spelled p-r-u-f?

A: No. It was "Wholeproof."

Q: Okay. So it would be p-r-o-o-f.
A: And they also had purchased, I think when Abe was there, they purchased Catalina, so they had a swimsuit company too.

Well, Feinberg, who was the head man in this, really was not interested in working in the day to day area of the business. But unfortunately, his financial man, who was Mr. Hinerfeld, died of cancer and another man, who was going to handle his hosiery--a man by the name of Goldsmith--didn't get along with Abe, and Abe found himself in a tight position. He needed capital and he needed know-how. He then came to Chester Roth and to me with the proposition that we would...that we should buy Kayser and that we would become....This way we would have a listing on the New York Stock Exchange. We could buy enough of the shares so that we would control the company. And that's what we did. We sold...We didn't sell all of our...

Q: I'm sorry. This was 1958?
A: '56.
A: We'll verify that... But Heinerfeld...his estate...Norman took over and they had a company that owned the shares of stock of Kayser. And what we did was buy enough of the shares in the market and from them so that Chester Roth controlled the Kayser company and we changed the name from Kayser to Kayser-Roth.

Kayser-Roth, at this point, consisted of Kayser Hosiery, Kayser Gloves...

Q: When did you buy the gloves, or did you....
A: That was a Kayser product, all the time.
Q: A Kayser product. When you say "all the time", had it been made for some years, or...?
A: Yes. Kayser was an old company.
Q: Oh, right. Yes.
A: Kayser was...I don't know all about it, but I would say that Kayser was a company of the '20s. When the old timers from Germany came over here, they set up hosiery mills. They were operating in Brooklyn, in the beginning. But that was their business--gloves and hosiery. And in addition they had bought, subsequently, Catalina and they also had another knitting company in Pennsylvania that made children's pajamas and things like that. Billy Feinberg would be able to tell you the names.
So that pretty much was the company that we now had...
Q: When the company was formed between the two companies, do you know approximately how much the total volume was, between the two companies?
A: I just don't know...I think we could get that...
Q: But I would assume, in any event, that since your...Since the Roth Company was doing in excess of $100 million, the combination must have been in excess of $200 million at least, or thereabouts.
A: That is, if I'm right on the hosiery business. About that.
Q: I can check that out.
A: Well, I think Hinerfeld would probably remember the numbers better than I.
A: . . . The Kayser-Roth business was really operated in a fashion that is not so new today but was rather new at that time... The Roth Company was really the old hosiery company, and the hosiery company was the largest part of the Kayser-Roth business. For a period of time I was the President of the hosiery company and I was the Executive Vice President of the Kayser-Roth Company.

Q: At that moment, when you had merged, had your two hosiery divisions become one? Is that what they...

A: Yes. We merged the hosiery... We had offices at 200 Madison, and Chester moved out of the hosiery company at that time. I was to run the hosiery company and be the Executive Vice President with him of the other companies. And as far as the other companies were concerned, we bought those companies and provided the capital but they were to run themselves. We didn't feel that we were experts. Shortly after buying the company we worked with Catalina and then bought Cole of California, and that was our swimsuit business...

Q: Yes. Those are two of the big ones.

A: And then I'll give you the companies that we bought. We went into the men's clothing business and bought a company in Baltimore. We bought Goldsmith in Philadelphia.

Q: Which made what?

A: Men's clothes. All of these things did well for a time, but for the most part they weren't so good. The biggest acquisition we made was Colonial, a business which had been built up by a man by the name of Berger. It was making merchandise in Tennessee. That business also
had purchased a lining business and the Stamina Mills. The company also purchased a shoe business, Bostonian Shoe.

Q: So it was really a big diversification. And is it right that this is in the early or middle '60s? About then?

A: It was at the time when interest rates were low, the stock market was high, and the big thing was that everybody was buying; they were acquiring. And we were no different. We would do that and the stock would go up and that's how it was. But Chester pretty much was responsible for the acquisitions, which he liked to do, and I was to administrate and run the company.

Q: Well, now let's follow out the chronology. You were diversifying, and the operation, I assume, was going through other kinds of changes of management too, because you were becoming enormous... So what happened just in terms of the sequence of things, when did Chester Roth retire?

A: Well, what happened, really, was that Chester didn't want to retire and I felt that I didn't want to continue with a 20% interest. I had a contract with him that he could buy me out at any time. Right before we sold to Gulf & Western, I had decided that I didn't want to be in the picture anymore. But we had tried... or Roth had sort of tried, to sell the business before. We almost ended up with Penn Central, which went broke. But most of that developed as a result of what Roth wanted to do. He wanted to continue running the business forever. He prided himself that he was going to "die with his boots on," but I didn't want to... I was getting older, and I didn't like the way things were going, and I wanted out. So I got
out in 1969. We had a contract for a year with notice to be given and so forth...It was around 1969.

Q: When did Gulf & Western officially take over?
A: I think it was 1973 or 1974...
Q: So you left before that.
A: I got out.
Q: Right. And Mr. Roth. When did he retire?
A: He never did retire. The head of Gulf and Western, Charles Bluhdorn, started buying, and the company...Chester got scared and sold to Bluhdorn under a contract that...(he was then over 70 years old), was for ten years. He would be the man who ran the company and so forth....He sold it very cheap, to Bluhdorn, in my opinion anyway. But it didn't bother me, because I wasn't in it anymore. But most people feel the same way. Of all the deals that Bluhdorn made, this was the best one. Because Roth was frightened at that time, things were tough and he didn't like it, he sold to Bluhdorn, and he never really ran the business. They do that...They honored the contract; they paid him what they said, but they put him in an office and didn't pay any attention to him and put another man in charge.

Roth died about a year or so after the merger....
Q: So that would be something like 1974 or 1975...
A: Yes. You can get all those dates...
Q: Now, are there any Roths left in the business, or Roth-related people?
A: Well, the people...there were a lot people that were Roth
people.

Q: I mean Roth relatives...

A: Roth relatives. Well, the people from the business who are Roth related include one man left in hosiery. He was a nephew who started in hosiery.

Q: Do you know his name?

A: Yes. William Label.

Q: L-a-b-e-l.

A: Or L-a-b-l-e. He was one...

Q: I'll check that.

A: William Lable. There's a David Roth, but he's not in the business. He's Chester's son. And Chester had a son-in-law who had been in the business. His name is Cott. Jerome Cott. He's out of the business, now. In fact, he's raising horses in Texas.

Q: How do you spell Cott?

A: Like the Cott ale. C-o-t-t.

Q: Okay. And David Roth.

A: David Roth.

Q: Right. But in the active management of the business, there really doesn't seem to be...You aren't mentioning names of people who have any active role.

A: At Gulf & Western? The Roth people?

Q: Well, Mr. Spiegel, for example, is now at the headquarters of Gulf & Western. But...I don't know. Was he a relative?

A: He was a Gulf & Western man.
Q: He was. I was just interested in the way professional, non—...When I say "professional"; I mean non-family management takes over at the point where the company gets to a certain size.

A: Yes. Well...We thought we were professional management.

Q: Yes, of course. I meant professional non-family...

A: But the people in the family at that time...Really, the management, as far as the family was concerned, was Roth and me. And when Roth decided that he wanted to stay on and be active he was left alone. His son never really did much in the business and his son-in-law ran one of the subsidiary companies.

Q: Okay. Well, why don't we go into some of these other questions then. Because I think that pretty much brings you up to where you'd be aware of what's happening with things now. You mentioned something which had to do with licensing. When you did Schiaparelli stockings, you were licensing the name Schiaparelli, right?

A: Yes. What we had done was...We took over the licenses of Schiaparelli for hosiery and lingerie, and it was our, in effect license.

Q: Did you own the name or were you paying a licensing royalty...

A: We paid a very small licensing royalty for the name, because Schiaparelli wasn't doing very well....

Q: I see. So you did your own...

A: Schiaparelli wasn't doing any designing anymore, but she had a good name.

Q: Yes. A very good name, indeed. And then when you bought...
and they were run as separate divisions, right?

A: Yes. Separate divisions.

Q: Right. Were you still with the company... Yes you were... When they were licensing Yves St. Laurent, for example? Which they did somewhere in the '60s.

A: Yes, but Yves St. Laurent, for the hosiery, was... not a major part of the business.

Q: Right. Now, in terms of production... Most of your production, obviously, was done in one of the Carolinas.

A: We had it all over. We had plants... When we bought Colonial, most of it was in Tennessee. We started in the South--the Carolinas, Tennessee; we had plants in Puerto Rico. We used up the tax abatements...

Q: Right. So that was considered offshore in those days, wasn't it, when you worked....

A: Puerto Rico was never regarded as offshore.

Q: Because it's part of the United States. But there was a special law... I think it was regulation #807, which seems to be what you're talking about, where you had merchandise cut here and sent it...

A: That's another thing.

Q: I see.

A: We didn't do too much of that. We tried it out in Mexico. But, no. Puerto Rico was a different situation. In Puerto Rico you had tax abatements. There were no duties. You could ship the stuff in and out. The problem was that you didn't have the low wages. Otherwise
I'd be there. But this was a means of our helping Puerto Rico. They received...Their wages were not as high as here, but much higher than the wages of Haiti or any of the islands.

Q: What about your sales force? Was each division run independently?
A: Yes.

Q: Independently managed. What about the sales force? Did they have...
A: They had their own sales force.

Q: Each division...had its...Each major division had its own sales force? Was there ever a time when Kayser...or Roth, rather, was in one building, or was it always spread out?
A: It was always spread out. Our position was that each of the companies should be where they...it was best for them. Catalina would be on Seventh Avenue, because that's where the buyers went, to those big buildings...Colonial, which was one of the largest divisions, they could be most anyplace. But they liked it down there...

Q: Down where?
A: Near the market. To be close to where their buyers were. To be close to Sears, Roebuck, J.C. Penney and the like.

Q: Because they were selling the big chains.
A: Well, they still are. They're one of the biggest divisions. The biggest division is still the hosiery.

Q: But the sales force...But was the sales force located in each...in the showrooms...Did you also have both forces or were they...
A: Both.

Q: You did. You had both...

A: Take for example, the hosiery division; for a while, not only did they have their own sales force, but they had three or four sales forces. Esquire had their own sales force; Interwoven had their own sales force and Schiaparelli had its own sales force; Mojud had its own sales force. If you wanted to sell a brand...We were selling all these different brands...We couldn't do it if we had the same salesman selling the same things. One of the other things that we developed at that time, and which was a big thing for the company was Supp-Hose.

Q: Oh, yes!

A: We invented that and there never was a support stocking prior to Supp-Hose. That was a very profitable...

Q: Was that an internal development? It was not an acquisition of an outside company. Right. When you talk about internal development, did the companies work with designers...I'm talking about the hosiery companies now. I know that the...

A: Yes. But not the...We really didn't work with the name designers. See, hosiery was not...And even today, for those who have the designer brand, it's just a name...

Q: Well, the internal designer, if you have one, is that person...that person is actually a stylist I would assume...

A: That's right.

Q: And then the merchandising is done by one of the executives of the company.
Q: Okay. Could you talk a little bit about store relationships? Did Kayser-Roth sell primarily to department stores or primarily to specialty stores, or to both? How did it work?

A: We sold to everybody. But we didn't... See, we didn't sell anything as Kayser-Roth. You bought Catalina, you bought Cole... Now, Catalina and Cole sold only to the better department stores. They were not selling the discounters. On the other hand, Colonial, which did make swimsuits, sold primarily to Penney and Sears. One of our biggest accounts was the Post Exchange.

Q: Oh, the Post Exchange, for the U.S. Army.

A: There, we could have a Kayser-Roth division sell for many of the companies. But when the company got bigger, they wanted to do their own. When Catalina didn't want our hosiery exchange department to do it, they felt they could do it better themselves. So, they were really autonomous companies. All they got from us was that we handled all the funds.

Q: Uh huh. And I don't know if this was in the days of data processing, or not as sophisticated as it is now, but I would assume that you probably took care of whatever....

A: Well, the first data processing that was operating big with the company was Catalina. They needed it the most, for what they did, and they had a data processing unit.

Q: But that was not used in the hosiery divisions.

A: It subsequently was.
Q: Subsequently. But in those days...That was pretty early I guess.

A: The big thing then that developed in the hosiery business was selling the brands to the supermarkets. Hanes developed it, really, with L'Eggs, and Kayser-Roth came in with No Nonsense. And between them they must do 70% of the hosiery business in the U.S...... Kayser-Roth hosiery is the largest hosiery company in the U.S.

Q: What about your lingerie division? Is that one of the big divisions, or is that....

A: It did well. The man who ran it is just retiring now. That's the Kayser...But then there was another lingerie division by Schneierson & Co. which sold mainly Sears and Penney. And they wouldn't talk much to each other.

Q: Right. So the companies were really quite separate and independent of each other. And corporate management, I gather, took care of the overall budgeting probably and the financing, but was really not involved in the day to day operations.

A: That's right. I was the hosiery man and I had ten companies myself, in hosiery. Then when we came into Kayser-Roth, I just took the same system, and we would meet every quarter and go over the specific items--how we were doing and what we wanted.

Q: So at those corporate meetings were the heads of the other companies?

A: The quarterly meetings would be with me and the presidents of each of the divisions.
Q: And they would come up with a plan for whatever period of time.

A: Well, we had our way of doing the planning. How you planned and what you did, and they would report...

Q: Could you go into that a little bit? Just take any one of the companies as a sample, and give us an idea of how this would function?

A: Well, it was an agenda. We would discuss first everything that they did this year, last year, and projection of sales. We'd start that...the sales for this year we'd plan per quarter; and we'd be up 5% or down 5% per quarter, and then the president of the division would explain why. Why he's doing better than he had expected or why he's doing less than expected. That would be the operating "P&L". Then we'd get into the balance sheet of each of the companies, and discuss the reasons why the inventory was at a certain level, whether their receivables were at the level they were supposed to be, at $8.7 instead of $4.3 and...

Q: Your MBA came in as a very useful tool I would think.

A: It's just a logical, normal way of looking....I decided when I was with the hosiery division that at least every three months... We had started it at once a month, and that didn't work, at least I felt that way. But once every quarter, these are the things I wanted my presidents to be looking at, and we that would then discuss at these forums.

Q: As it was a pretty complicated company by then, I would think you would have to keep controls over a number of things, just to know where your money was going to come from to give you a cash flow. So, you had the quarterly meetings with the presidents of each division, so that there
were presidents of each division. And I assume that the structure was more complicated, or less, depending on volume.

A: Well, they had different kinds of business. Catalina had their own sales force. If they were selling to, say, Penney or Sears, they had their own people who were the salesmen, but there might only be five of them, whereas Catalina might have 50. And in the hosiery division, each division might have 60 salesmen. It was a way of... The hosiery especially was the one we used as our guideposts. Because that's the one we knew, but some of it didn't apply to the other companies. Catalina was much more a "garment" company, and high fashion company. The hosiery was much more of a commodity company.

Q: Right. Would you think of the hosiery companies as being manufacturing oriented as opposed to marketing oriented?

A: Well, I would say it was. Today it's more marketing oriented. Once you go into television, which.... Catalina was a marketing company supposedly, but they couldn't go into television. It took the Israelis to get on television with jeans.

Q: Jordache.

A: Jordache did that. But hosiery was already on TV, with L'Eggs and No Nonsense, and once you're in, on TV, you're a marketing... The marketing is everything. That's where you spend all the money.

Q: Right. Just let's touch a little bit on import and export, so that we get a rounded picture. You were apparently involved in....

A: We had an export division at a certain point. We licensed our, for example, Supp-Hose, and we had licensees on all of our brands, and
it was run by a separate...

Q: And was your market primarily in Europe or in the Orient as well or...

A: South America was big. You know, markets come and go. Now the imports, in hosiery, were very small. And today, of all of the things that have been attacked by the Far East, hosiery is the least. And even lingerie, I'm amazed, has never really hit. Like gloves, for example. There are practically no gloves made in the United States.

Q: Does your glove...Do you know...Does your glove division still exist?

A: Well, the glove division, that was part of Julius Kayser...

Q: Oh. Well, then, I can find out....

A: But I'm not even so sure of that, because they bought a glove division from another man...They're all out of it. I don't think... When I left, there were still gloves, but I don't think there are any more gloves at Kayser.

Q: Well, I think that's a pretty good picture. Unless there is something more that you would like to fill me in on, with regard to the Roth part of the business, or the Roth family, or anything of that sort....

A: Well, I would say that Chester Roth was the founder of the business, and when I came in with him in 1939, we were close...My office was here; His office was there, and we did everything together.

Q: Your functions were divided up, though, ultimately....You said he was involved with acquisitions and you were...
A: Up until the end. Towards the end, he... We had this... where we weren't both doing the same things. But he... I would say... He made certain mistakes and that's why he had to sell to Bluhdorn. But other than...

Q: I'm sorry.... Could we have an illustration.... When you say that Chester Roth made some mistakes, give me an example.

A: Well, the basic mistake that he made with Bluhdorn was he should have bought the stock himself. The stock was very cheap.

Q: The company stock, of Roth.

A: The company stock of Kayser-Roth was very cheap. He could have bought it, but instead he allowed... He was frightened. He didn't.... At the time... Business was not good. He had made a bad real estate decision, a personal one; and I was leaving, and he was frightened. And he was making these mistakes. It was one of the reasons I didn't stay in. I had all my monty with Chester... As I told you, I owned 20% of it, and that was a hell of a lot of money. Twenty-percent was worth $20 million. But Chester had some of these things going and he was frightened, and as a result Bluhdorn was able to buy all of the stock up at a very cheap price and then sell it... He didn't need to sell it, he just had it...

Q: He acquired the company. Yes. So, the mistakes you're talking about are the mistakes, not particularly the operation of the company, but of the ultimate decisions. Do you think in part that might have been because he did not see a succession within the business itself. Not that it was any longer an entrepreneurial business, but he still was somebody who was basically an entrepreneur.
A: Yes, of course. Well, his father lived to be 99. He didn't expect to die. He really felt he was going to stick around until he was 80, and he insisted on a 10 year contract when he was 75.

Q: But he didn't see a successor to him.

A: He still had hopes that his son would take over.

Q: He did. So that really was not the reason...It so often is the reason why a business gets sold. Because there isn't a successor.

A: Well, part of it was...I was at fault there. Because when we were...We had this arrangement, and he didn't want me to leave, so we said "Well then." He said, "Okay, I'll tell you what we'll do. We'll sell the business." In that way, you're right. But then he really didn't want to sell the business. And that's why I left. Because he said he was trying to sell the business, but he had such a high price on it...My attitude was we had plenty; we didn't need to get an extra $4-5 million if we wanted to sell the business. He really didn't want to, but if he did, he wanted to make a big coup.

In any event, that was...It was an unfortunate thing. We had been together all those years. And I think the fact that his children were coming along. Mine were not interested and...It was sort of just like the others. That's the reason to sell the business.

Q: It's a very good reason, and a very understandable reason. When I've heard...

A: The problem was he shouldn't have sold it at such a low price. He made the mistakes because he...The reason why he allowed Bluhdorn
to do it he was afraid... He was husbanding his cash. He was very upset....

Q: It's been very interesting; fascinating, as a matter of fact. Thank you very much.