ABSTRACT

FENDER, SAVANNAH KAY. Rethinking Domestic: The Efforts within the Apparel and Sewn Goods Industry (Under the direction of Dr. A. Blanton Godfrey and Dr. Lori Rothenberg).

Manufacturing within the United States has been the backbone of our nation for many years. We depend on the labor it provides, the revenue it returns, and the overall creation of quality goods. Today’s market is not the same as it was 40-50 years ago. As a nation we have changed and adapted to consumers’ needs and wants; importing massively with limited exports. The purpose of this research is to decipher where domestic manufacturing within the apparel and sewn goods industry is today, and where we are headed in the future. Key components of surviving in today’s market were established through storytelling and shadowing alongside men and women within the industry.

The National Association for the Sewn Products Industry (SEAMS) is a prime example of the optimism within the industry. SEAMS held their fall networking conference in South Carolina. The theme of the 2016 event, was Riding the Waves of Change (Le & Duncan 2016). Waves make for an ideal metaphor when it comes to describing the ups and downs domestic manufacturing has held for textiles and sewn goods. The conference covered everything from advancement of fibers and wearable technologies, to connecting with the consumer in the future of retail and possible extension of hemp growth within the industry.

Quick turn and fast prototyping factories seems to be the aim of future manufacturing for larger industries like Adidas and Under Armor (Le & Duncan 2016). However, this study focused on facilities that were well established before the North American Free Trade Agreement (NAFTA), as well as new partners within the industry and how they are helping
make a difference. The incline of domestics seems apparent, but at a more steady sustainable rate than ever before.

The research set up four key objectives to detail. The objectives are as followed: RO1: Identify the benefits and drawbacks of domestic manufacturing. RO2: Determine what trade-offs, if any, it takes to produce domestically. RO3: Identify the corporate social responsibility in domestic manufacturing. RO4: Characterize the ideal business model for producing domestically.

Overall, the research established common themes from each participant. The stories connect every participant in some way, through their relatable stories. The research works to shine a light on both the pros and cons that take place when working domestically. The focus was aimed at highlighting the growth and survival of people who stayed true to domestic production.
Rethinking Domestic: The Efforts within the Apparel and Sewn Goods Industry

by

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A thesis submitted to the Graduate Faculty of North Carolina State University in partial fulfillment of the requirements for the degree of Master of Science in Textiles

Raleigh, North Carolina

2016

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DEDICATION

This thesis is dedicated to my amazing and inspiring parents. I hope to one day be the parent and role model you are for me.

Thanks to all my family and friends for always supporting my passions and being my number one fan group. I love you all very much, and am thankful for the continuous support!
BIOGRAPHY

Savannah Kay Fender was born in Augusta, Georgia on June 13, 1993. She is the daughter of Doug and Donna Fender, and has one older brother, Douglas II. In 1996, Savannah and her family moved to Marion, Virginia, which was once home to a small but thriving textile and manufacturing industry. Savannah grew up loving design and sewing. Savannah’s grandmother was the first to show her how to sew. She later took lessons from their next-door neighbor and family friend. Savannah is no stranger to what a past mill town looks like, having grown up spending many summer days with her grandparents in Fries, Virginia home to Washington Mills. Savannah later would discover her passion of combining both her love for sewing and sense of community within small towns.

Upon graduation from high school, Savannah attended Radford University in Radford, Virginia for her undergraduate education. At Radford University, Savannah was a work-study for the Department of Interior Design and Fashion. Savannah worked closely with Dr. Kathy Mitchell, who encouraged Savannah to continue her education and perhaps pursue teaching. Savannah graduated honors with a B.F.A in Fashion Design and minor in Marketing.

After graduating from Radford University, Savannah went directly into pursuing her masters. Once she visited NC State, she was certain the University was the perfect fit for her future endeavors. Savannah was awarded a research and teaching assistantship upon acceptance to NC State, under the guidance of Dr. Blanton Godfrey. During her time at NC State, Savannah worked on fulfilling a Master of Science in Textile and Apparel, Technology and Management. Savannah also worked closely with the Poole College of Management, to achieve a minor in Business Administration. Savannah helped assist in the foundation of The Advancement of
Women Entrepreneurs, a grant initiative, and helps to manage their events and planning. She has also had the opportunity to work with Cotton Incorporated as a brand ambassador, and participated in local charity events, like Couture for a Cause. NC State has earned Savannah multiple connections throughout the industry and granted her many future freelancing opportunities. She is passionate for all things sewn, and hopes to promote more manufacturing on American soil. Savannah is excited to see where the future takes her!
ACKNOWLEDGMENTS

I would like to acknowledge and express my thanks towards Dr. Blanton Godfrey for meeting with my parents and myself while touring at NC State. I was greatly encouraged by your background and enthusiasm. Thank you for helping me decide State was the place for me. Although I was never great at statistics I am thankful you were willing to take a gamble on me!

I would also like to thank Dr. Lori Rothenberg for inspiring me during my first semester, and providing so many meaningful discussions throughout the year.

Thank you Dr. Katherine Annett-Hitchcock for being so welcoming on orientation day and introducing me Dr. Rosanna Garcia. Working with The Advancement of Women Entrepreneurs has encouraged me and allowed me to network with many amazing men and women throughout the Triangle community.

I would like to thank the kind people at The Carolina Textile District for also taking me in as one of your own and introducing me to so many inspiring men and women in the industry. Without the District I would not have been able to journey to many of these amazing facilities and meet the folks that I did. You all have granted me many privileges that I am extremely thankful for.
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CHAPTER 1: Introduction

Statement of Purpose

The purpose of this research is to better understand the viewpoints of the United States Southeast region of the domestic supply chain within the sewn goods and textile industry. The study includes multiple interviews and facility tours with men and women who have always stayed domestic. This research examines cut-and-sew, screen-printing, a mill, leading organizations (e.g. SEAMS) and designers. A large portion of the study highlights cut and sew. The objectives were established to help identify the benefits and drawbacks of domestic manufacturing, decipher trade-offs, account for corporate social responsibility, and characterize the ideal business model for producing domestically.

Significance of Study

Recent press has been shining a light on production and manufacturing coming back to the United States within the apparel and textile industry (Le & Duncan, 2016). Based on the increase of the furniture and automotive industry returning, many believe the apparel and textile industry is close behind (Buciuni & Micelli, 2014). Large name retailers like Adidas and Under Armor have been highlighted in the news due to reshoring and job creation returning to the United States (Le & Duncan, 2016). Reshoring does not cease to exist without previous offshoring techniques and decisions (Maronde, 2014). Facilities like SPEEDFACTORY and the Lighthouse, fast prototyping facilities, have been established to train and produce products. Brooks Brothers is also partaking in domestic production in facilities like Southwick and Garland Shirt Company, in North Carolina. These companies all make for excellent examples of reshoring. However, the question is will other companies follow suit? And if they do, what advice do current domestic producers have to share.
While the companies listed above are many that are reshoring, this study directs the focus on companies who have already been producing domestically and therefore never left American soil. The study gives a deeper insight on the men and women who stayed local. With the knowledge and understanding of these men and women, they become the future influencers for possible reshoring companies within the market. The study offers value to current and future apparel and sewn goods oriented businesses that wish to work with domestic manufacturing. One company’s success story can help build a useful business model for another business with similar goals. The stories of these men and women help to shine a light on the current market, growth strategies, and overall survival tips within the industry. The intent of the current research was to help generate multiple insights from current business owners and employees to share with like-minded upcoming entrepreneurs. The framework of the research helps mold the current business infrastructure and predict where the industry is headed. The research is beneficial for investors focused on better understanding the tradeoffs that must be made to work with American manufacturing within the sewn goods and textile industry. The research also has insight on distribution methods that are becoming more attractive to current consumers. Learning from what we currently are partaking in can help us better prepare for where we are headed next.

Limitations of Study

Limitations within this study include the sample size, as well as the subjectivity of qualitative research using content analysis. The sample size of this study was limited by budget, location, and time restraints. Due to the mass terrain of the United States only parts of the Southeast were surveyed during the interview process, with the exception of a phone interview from Duluth, Minnesota. The following states were included: North Carolina, South Carolina, and Georgia. In future studies, this sample size could easily be expanded. The textile industry is
still a tight-knit group of individuals. Organizations like SEAMS, The Carolina Textile District, and Maker’s Row allow for researchers to gather multiple possible interviewees. Future studies could better help understand the community as a whole and perhaps bring together the group of like-minded individuals to celebrate their hard work and efforts within the community.
CHAPTER 2: Review of Literature

Introduction

The “Made in America” movement has been popular in past markets due to wartimes and changing economies. However, today it is rare to discover a tag that states “Made in America.” It is becoming less of commodity and more of a rarity. While there are more and more industries looking to produce on American soil, the apparel and textile industry seems to be lagging behind. There are few cut-and-sew facilities that are open, and even fewer that are still open that were established before the North American Free Trade Agreement (NAFTA). Domestic manufacturing within the sewn goods and textile industry has its own unique set of challenges, but the capability to thrive and be sustainable within the current market place (Jung & Jin, 2015).

This literature review will cover information including the background of textiles and sewn goods within the United States. It will research the past trends of the market and the production capability that America holds. Research on economic development within small American towns, specifically in the Southeast, will aid discovery in current initiatives that are helping to encourage small to medium size businesses and domestic manufacturing (e.g. The Carolina Textile District and SEAMS). Review of both success and failure will be applicable for the study. There will be a review of domestic manufacturing, not specifically textile based, to better understand the best practices in hopes of applying them to the sewn goods and apparel industry.

Most of the literature chosen will focus on the Southeast region of the United States. This will help to narrow the focus and also to coincide with the later methodology. It is important to note that although the research is narrowed by region, similar practices are/could occur elsewhere within the United States. Research will touch lightly on the movement in California,
as well as the minimum wage salary variations currently occurring. There will also be research and definitions of different parts within the supply chain. However, not every part will be covered. A more narrow focus will shine a light on: cut-and-sew facilities, mills, and textile/sewn good organizations.

Overall, a broad overlook on “Made in America” will be covered as well as what has been generalized as its downfall (e.g. NAFTA), with fears of recurring trends with the upcoming Trans-Pacific Partnership (TPP) Trade agreement. This information will be presented to better help frame later questions for methodology purposes. Rather than just quoting research, the literature review will help to better determine what insights are hoped to be gained from the study.

**Background**

One of the first to initiate the American Industrial Revolution was a textile entrepreneur. Samuel Slater, was best known for creating the first commercial, water powered cotton spinning machine in the 1790s (Conrad, 1995). Since the 18th century, the textile and apparel industry has been no stranger to the American market and workforce. In 1807, Crompton Company opened one of the many successful New England mills that was termed “America’s oldest manufacturing industry” by the New York Times. (Minchin, 2013). New England’s textile mills started to discover the large pool of human resources and cheaper labor force of the south. Operations began to pick up and move towards the south following the mass resources, including: labor and raw materials, like cotton (Gereffi, 2000). Success in the textile and apparel industry was apparent throughout the United States from events like World War I and II initiating military contracts. The industry’s peak production period was in the 1950s and 60s
Mills were not only a source of income, but a source of community. Many times mills were built in rural areas to create housing, schools, and stores. Some of the big name mills known throughout the southeast region included: Cannon Mills, Cone Mills, Riegel Textile, Albemarle Spinning Mills, and many more. The textile and apparel industry built community dependence on largely owned company factories. Once they left, the people of the community were forced to rebuild their economy.

Economists tend to classify economic activity into three sectors: agriculture, industry, and services. For this research we will be looking at the industry side of textiles and sewn goods, rather than the retail side (services). Between the 1980s and 1990s the textile and apparel industry strongly shifted to China (Cooper, 2013). It was clear that domestic manufacturing throughout the United States was showing a rapid decline. Low-value-added industries had the steepest job loss. The apparel and textile industry was no exception. Almost seven in 10 jobs in apparel disappeared, six in 10 in textiles, and almost five in 10 in furniture (Atkinson, Stewart, Andres, & Ezell, 2012). Between 1980 and 2002 the apparel workforce was cut by a total of about 57 percent (Kunz & Garner, 2011). Figure 1.1 breaks down the percentage further. The disappearance was rapid from 1990 to 2014, a total of 762,500 jobs were lost in the apparel industry and 495,300 in textiles (Burris, 2015). As discussed earlier, industries started seeking a cheaper labor force, and they found it in places like the “Big Four” which include: China, Hong Kong, Taiwan and South Korea and the “Near Shore,” an area generally concentrated in South America (Shelton & Wachter, 2005).

Outsourcing has become the norm and most companies have, or are currently offshoring. Although this study focuses more on participants who have stayed domestic, research is also crucial in determining the ideal propositions for companies considering reshoring (e.g. educated
workforces, tax cuts, and trade policies). The research will touch lightly on the definition of reshoring, with the later aim of future studies combing the two groups. Reshoring happens when a domestic company moves a part of the company to another country prior to returning a part back to domestic. A prime example of this is General Electric's reshoring efforts in places like Louisville, Kentucky after prior stations in places like Mexico and China.

Figure 1.1. Employment in Textile and Apparel Industries 1990 to 2014 (Burris, J. E. 2015).

Job loss in the United States hit close to home in the Southeast region. Kannapolis, North Carolina, also known as Towel City, was the site of the largest one-day layoff in the history of North Carolina. About 4,800 layoffs were located in the North Carolina area (Hodges & Frank, 2014). The issue of job loss and a loss of the textile and apparel labor force seems to be apparent. However, resolving it is still unclear.
When it comes to discussing loss of the industry, the data and numbers all seem to be showcasing a negative light from consumers’ purchasing habits to the amount of job loss. In 1960, foreign goods made up 8 percent of American’s purchases. However today, nearly 60 percent of everything Americans buy is made overseas (Baily & Bosworth, 2014).

What efforts are being made now, and where can we expect the future of American made apparel and sewn goods to head?

**Perceptions**

According to the American Apparel and Footwear Association (AAFA), Americans spend more than $340 billion a year on clothes and shoes, more than double what they spend on new cars (AAFA Report, 2014). This can be shown in Figure 1.2, comparing apparel and footwear to other categories.

![Figure 1.2. American’s Yearly Spending (AAFA 2014).](image)
In 2013, Americans purchased about 64 garments which equals an average spending of $907 on clothing. AAFA data also showed a 6.2 percent increase between 2012 to 2013 for “Made in USA,” this accounted for a 2.55 percent share of the United States apparel market. But overall the U.S. is still importing about 98% of their apparel needs and wants (AAFA, 2014). The United States is a trade deficit nation with import numbers exceeding export numbers, leading to higher taxes for all consumers.

The idea that the textile industry ceased to exist on American soil seems to be everyone’s opinion, especially when asked within the South (Phelan, 2015). The truth though is shocking to most. In the documentary Still Standing: The Real Story of NC Textile Industry (Newton, 2013), live footage proves textiles still exist domestically in the United States.

Changing people's perceptions is one of the major struggles domestic manufacturing faces today. Between garment labels that state “Made in USA” or “Organic Cotton,” consumers automatically speculate higher cost. The point to be made though, is that what we predict is not always truth. After decades prowling the world in search of lower costs, U.S. manufacturing organizations are finding that factories at home can currently compete with lower costs countries (Abbasi, Belhadjali, & Whaley, 2014). This is not only demonstrated through consumer studies and focus groups, but also through practice. ABC News hosts a series called Made in America with former host Diane Sawyer and current day host David Muir, which showcases conscious efforts to purchase 100% American made goods. Viewers are shown everything from flip flops to dog food, and places to buy them all, like the store Made in America Store in Elma, New York. The series shines a light on all things American made, and even gives a list of suppliers for others to have access to. In one episode, they take an entire house apart and re-furbish it with only American made products. The costs are similar for most items, and some are even priced
lower than imported goods. The only struggle is the lack of an American made coffee maker, perhaps the new white space in the market.

Many studies have been completed to show different consumer perspectives on domestic goods versus imported goods (Bennur & Jin, 2013; Ha-Brookshire & Yoon, 2012; Knight, 1999; Lee, Phau, & Roy, 2013). The most popular analysis methods seem to be conjoint analysis studies, as well as two-way multivariate analysis of variance (MANOVA). The research takes many different attributes into account when looking at the final textile or apparel good. Typically, these attributes include, but are not limited to: quality, price and country of origin (COO).

High prices overshadow consumers’ desire to help the domestic economy and local communities, even when consumers strongly value U.S. involvement in the global supply chain (Ha-Brookshire, 2012). Manipulating consumers’ perceptions about domestically manufactured goods from raw materials to final product is easily done when only country of origin is listed on labels. However, today more labeling rules and regulations are being put into action. Today labels can help companies add different selling points to their products. A few of the popular label terms in the 21st century include: Country of parts (COP), country of manufacturing (COM), country of brand (COB), and country of design (COD). The caution to be stated though, is that when raw materials are from a different country of origin than the final product, consumers assume a higher price, for example made in China, with U.S. cotton (Ha-Brookshire, J., & Yoon, S. H. 2012). Consumers recognize the U.S. cotton and assume a higher cost. Even when the roles are reversed and the cotton is from China and the manufacturing is completed in the U.S., consumers are suspicious. If businesses want to promote U.S. products they will need to target consumers who have a high sense of self-efficacy and educate them on country of origin
labeling rules and regulations (Ha-Brookshire & Yoon, 2012). This can all be summed up to say that the more the consumer knows, the more they value the product they are purchasing. Figure 1.3 shows a model of perceived price due to different demographics and various attributes. These attributes map out a consumer's final willingness to pay for a product. For example, in Figure 1.3, expertise contributes to the consumer’s perceived price of a product. If every American spent an extra $3.33 on U.S. made goods, every year that would create 10,000 new jobs annually (ABC News, 2011).

![Figure 1.3. Conceptual Model (Ha-Brookshire, J., & Yoon, S. H. 2012)](image)

In a study completed by Gary A. Knight (1999), consumers were asked their preference between Japanese and American made products. The twist though, was that both products were owned by a Japanese company. The end result showed that respondents were willing to pay a higher price for the product that was made on American soil, even if it was the same quality of the one produced in Japan. This study is one of the few that support the idea, that regardless of company’s ownership, consumers will pay more for a U.S.-made product. The manufacturers of domestic products increase the domestic economy, show patriotism, and demonstrate their social responsibility (Ha-Brookshire & Yoon, 2012). In an ideal world, sustainability would also be promoted in domestic manufacturing, allowing for all three sections of the triple-bottom-line
(TBL) to be complete. In Figure 1.4 a Venn diagram is used to display the 3 principles of TBL. These three key items all overlap in some shape or form. TBL plays a role in domestic manufacturing. Laws and regulations within the United States enforce these sustainability practices somewhat for company owners (e.g. minimum wage, disposal of dye). However, it is up to the companies to go above and beyond to establish sustainability initiatives. The triple-bottom-line was coined by John Elkington in 1999, regarding sustainability and its win-win situation for all parties involved.

![Triple Bottom Line Diagram](image)

*Figure 1.4. Triple-Bottom-Line Strategy (Elkington, J. 1999)*

Trade restrictions within the United State are often put in place as an effort to protect domestic manufacturing and raise revenues (Burris, 2015). Another example of a protectionist attempt was the 1984 legislation that pushed for a ‘Made in USA’ labeling act, would have required textile products made in the U.S. to be labeled as American made in addition to being labeling with the U.S. as the country of origin. It will take a combination of U.S. made products,
businesses, policy makers, researchers and consumer advocacy groups to help inform consumer of the fair value U.S. made products have to offer.

Growth is expected in the U.S. textile and apparel supply chain within the 21st century. How much though, depends on the amount of capital put into the technology side of development (Cooper, 2013). Creating a vertically integrated company with a virtual presence that uses advanced technology, might be a sign of the next industry leader. However, one issue is the lack of technical skill:

“Everyone wants to be a designer, but no one wants to do the labor” - Dan St. Louis, Manufacturing Solution Center

Manual labor is lacking throughout different parts of the sewn goods and textile industry - farmers working with cotton, floor workers within mills, and machine operators in cut and sew facilities. The struggle is to try and make the cut and sew careers as attractive as those within the apparel industry, such as garment and technical designer.

**Current Efforts**

Today, efforts are being made all around us, but many times go unnoticed: from Gorilla Tape/Glue in Ohio and Louisville Sluggers in Kentucky. There are some well-known household names that are producing domestically and encouraging others to follow in their footsteps. Marriott has spent a good portion of 2016, and plans to continue into 2017, making sure all Marriott chains (Ritz Carlton, Renaissance Hotels, Courtyard Marriott, and Towneplace Suites) are equipped with 100% American made towels manufactured through an entirely American supply chain, from the cotton fiber to the mill and cut and sew facility (Trejos, 2016). Partnership with companies like Standard Textile in Union, South Carolina and Thomaston,
Georgia have helped Marriott fulfill this goal. Together this endeavor is creating over 150 jobs, and allowing Marriott to “break even” in cost. This may surprise many, but due to the cut in cost from no longer shipping containers from Jordan, Marriott has been able to stick to their annual budget.

There are examples of active community involvement and participation in promoting American made goods. American Field is a pop-up exhibition and market featuring the best of American made goods and the people who make them (Kaplan, 2015). The event is described on their website as, “not a trade show, but a celebration of trade.” These pop-up events are hosted throughout the U.S., in locations that include: Boston, San Francisco, Washington D.C., Atlanta, Nashville, and Brooklyn. They are sponsored by some big names like GQ, Polartec, Ball and Buck, Bulleit Whiskey, and more. Smaller versions of these events have caught on in local communities as well. For example in Charlotte, Vintage Charlotte (VTG CLT) hosts seasonal markets for both vintage items and for makers/crafters. Another example is the Brand Shop, which highlights emerging women entrepreneurs who design garments, handbags, artwork and more. The Brand Shop also hosts speakers and panels to allow their participants to learn while they shop and explore. Table 1 provides a listing of some American made product retail experiences.
Table 1. Retail experiences - domestic interest

<table>
<thead>
<tr>
<th>Name</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Field</td>
<td><a href="https://americanfield.us">https://americanfield.us</a></td>
</tr>
<tr>
<td>Vintage Charlotte</td>
<td><a href="http://vintage-charlotte.com">http://vintage-charlotte.com</a></td>
</tr>
<tr>
<td>Brand Shop</td>
<td><a href="http://www.thebrandshop.co/about/">http://www.thebrandshop.co/about/</a></td>
</tr>
<tr>
<td>2016 American Made Summit</td>
<td><a href="http://american-made.ticketbase.com">http://american-made.ticketbase.com</a></td>
</tr>
</tbody>
</table>

Martha Stewart is getting ready to host her 5th annual American Made Summit for 2016. This two-day event brings together innovators, celebrity entrepreneurs, and small-business owners to inspire makers to take their business to the next level; all while encouraging domestic made. These types of events are crucial when it comes to small to medium size business owners. The Small Business Administration states that small businesses create 63% of all new private jobs (Federal Reserve Bank, 2015).

We live in a culture today that revolves around IWWIWWIWI (I Want What I Want When I Want It). Every want and need is only a touch away via your tablet or smartphone. Jerry Inman, CMO of Demand Worldwide, understands that to be able to captivate Gen Z, the industry will need to rethink the way they do business (Le & Duncan, 2016). Attention spans are short, and with that comes the need to exploit the use of the wide availability to search the worldwide web. Social media is becoming a platform not only for shopping, but for educating the consumers as well as instant feedback.
Social Media

Consumer engagement plays a major role in the future development of domestic production (De Vries & Carlson 2014). One form of consumer engagement is through social media. Social media plays an active role in both encouraging the manufacture of domestic made products and in tracking followers that are already making an effort to buy, manufacture or sell domestic made products. Looking at Facebook, Instagram and Twitter it is somewhat simple to discover at least one page that is encouraging the use of domestic products, even if they are not selling anything. On Instagram there seems to be a sense of community. If you track the trail long enough it seems to cycle back around, meaning the community is still a close niche of people just like the textile and sewn goods industry. Just from searching American made products and then following Instagram’s follower suggestion button, a finding of 10 different groups and nonprofits on Instagram that account for about 58,000 followers.

Organizations

Organizations, both new and old are helping to progress the “Made in America” movement, as well as aid small enterprises and start-ups. These organizations range from privately owned, to grant funded, and county development initiatives. Below is a list of just a few of the organizations and businesses that are helping entrepreneurs thrive (see Table 2). The list includes companies that help with sourcing, give business/legal advice, provide networking connections, and more.
Table 2. Current Organizations/Businesses Sourcing US textile/apparel Manufacturing

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maker’s Row</td>
<td>Brooklyn, NY</td>
<td><a href="http://makersrow.com">http://makersrow.com</a></td>
</tr>
<tr>
<td>Factory 45</td>
<td>Boston, MA</td>
<td><a href="http://www.factory45.co">www.factory45.co</a></td>
</tr>
<tr>
<td>WrapSew</td>
<td>Sandy, UT</td>
<td><a href="https://wrapsew.com">https://wrapsew.com</a></td>
</tr>
<tr>
<td>Alibaba</td>
<td>Hangzhou, China</td>
<td><a href="http://www.alibaba.com">www.alibaba.com</a></td>
</tr>
<tr>
<td>Carolina Textile District</td>
<td>Burke County, NC</td>
<td><a href="http://www.carolinetextiledistrict.com">www.carolinetextiledistrict.com</a></td>
</tr>
<tr>
<td>SEAMS</td>
<td>Aiken, SC</td>
<td><a href="http://www.seams.org">www.seams.org</a></td>
</tr>
<tr>
<td>Made in NY</td>
<td>New York City, NY</td>
<td><a href="https://madeinnyfashion.nyc">https://madeinnyfashion.nyc</a></td>
</tr>
<tr>
<td>Gotham Textile</td>
<td>Minneapolis, MN</td>
<td><a href="http://gothamtextile.com">http://gothamtextile.com</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>textile-research/textile-sourcing/cut-sew/</td>
</tr>
<tr>
<td>Colorado Cut &amp; Sew</td>
<td>Denver, CO</td>
<td><a href="http://www.coloradocut.com">http://www.coloradocut.com</a></td>
</tr>
<tr>
<td>GIL Sewing</td>
<td>Chicago, IL</td>
<td><a href="http://www.gilsewing.com">http://www.gilsewing.com</a></td>
</tr>
<tr>
<td>Stylus Apparel Group</td>
<td>Linden, NJ</td>
<td><a href="http://stylusapparel.com/usa-garment-manufacturing/">http://stylusapparel.com/usa-garment-manufacturing/</a></td>
</tr>
</tbody>
</table>
Two organizations found in the Southeast are the Carolina Textile District and SEAMS. Both of these organizations were involved in the current study. They both provided inside access to examine the organizations and learn more about them.

**Carolina Textile District**

The Carolina Textile District (CTD) was formed in 2013 by three different organizations. These three organizations were the Manufacturing Solutions Center, Opportunity Threads, and Burke County Development, Inc. Each organization brings a different set of skills to the table. The Manufacturing Solutions Center is a non-profit research and development organization that is a division of Catawba Valley Community College located in Conover, North Carolina. One of the key components from the Manufacturing Solutions Center is Dan St. Louis. St. Louis has over 30+ years working in the sock industry, yarn industry and automotive textiles. He is an expert in many areas from textile production to hosiery and socks. St. Louis was a crucial component to the start of CTD due to his extensive knowledge and deep community involvement.

Opportunity Threads is a worker-owned, contract cut and sew facility, whom is also a participant in the current research study. Molly Hemstreet, the founder and president of Opportunity Threads, was a co-founder in CTD alongside Dan St. Louis. Although Hemstreet has no prior experience in the textile industry, she had grown up in Morganton, NC and seen the ups and downs the textile/sewn goods industry had caused her small town. Molly Hemstreet went to St. Louis with an idea to help entrepreneurs and prepare them for the next steps of manufacturing, and from there the CTD grew.
Burke Development Inc. has also played a major role in the CTD and was the third founder in the organization. Together the trio manages the CTD and received grant funding to push the idea forward.

Today Tanya Wade, Project Specialist at the CTD, is in charge of helping incoming clients and matching them with partners (the manufacturing companies that can produce sewn goods). An equation of sorts, but rather than numbers, it is all about matching people, and finding a good fit. Many times entrepreneurs, start-ups, and small businesses are not ready to take the next step in manufacturing. The ideas are ready but the preparation is not all there. The CTD is devoted to helping those participants reach the next steps, whether it is connecting them with a designer to finish technical sketches or placing them with a cut and sew contractor like Molly Hemstreet at Opportunity Threads. The main purpose of the CTD is to serve as a support system for the producers; to be an organization that allows them to connect and collaborate with each other; share best practices and work; and feel aligned and less isolated in an industry that can be very tough.

Small businesses create about 63 percent of the net new private-sector jobs in the country (2015 Small Business Credit Survey). A leading portion of the economy is becoming reliant on the success of small business and overall profit shares. While large corporations have the option of working overseas, many times small businesses are limited. This can sometimes be due to budget or the need to manufacture smaller quantities of their products. However, many small business owners choose to work domestic based on initial mission statements or ethos of the company. Working with the CTD allows small business owners to have more involvement throughout the supply chain. That is not to say the CTD is not willing to help a large corporation. However, their main focus is helping those with limited resources who have the dedication for
producing domestically. The CTD is becoming more and more proficient at matching clients and partners and becoming an essential key to helping rebuild domestic manufacturing for textile and sewn goods.

**SEAMS Association**

The SEAMS Association works closely with the Carolina Textile District. However, their role is different in the fact that they are more focused on the suppliers’ role. Their history is discussed in Chapter 4. Both the CTD and SEAMS promote domestic production and find clients for their partners. SEAMS helps to connect their members and collaborate on projects. They provide a network of likeminded and dedicated individuals, along with companies. Formed in 1967, SEAMS has seen the ups and downs of domestic production for textiles and sewn goods. They provide a channel that allows companies to band together and have managed to keep work strong for their members.
CHAPTER 3: Methodology

The primary purpose of this research is to better understand the dynamics it requires to partake in current day domestic textile and sewn goods manufacturing within the United States. The research will also help to build a modern day business plan for future investors interested in pursuing domestic manufacturing within the industry. The research will help determine some of the best practices, as well as reveal some of the trade-offs that might be necessary to take (e.g. no brick and mortar). The research will utilize current resources and information from companies that have always made their business on American soil, never offshoring.

Today the maker and craft movement have become a large part of society and more focus is being invested in the development of our products. This can be seen throughout shopping (e.g. Etsy), social media, blogs, and more (e.g. Maker’s Row). However, there is a lack of research to show if this pattern is just trend or perhaps a new approach to retail altogether. This study will help tell the stories of those working behind the scenes and the courage they’ve built and managed to maintain through the good and the bad.

Research Objective

The three main research questions are stated below:

1. What trade-offs do companies make in order to stay domestic?
2. Where is domestic manufacturing headed in the next 5 to 10 years?
3. What has NOT been proven to be beneficial for domestic manufacturing?

Although the three questions above are the main focus of the study a large list of questions were arranged for each individual participant (Appendix A). The questions were altered slightly, depending on the participant’s role in the supply chain (e.g. designer vs. cut and
sew contractor). These questions were designed and formatted to allow the participant to open up and first start with the history of his or her company, as well as their own personal history. From there they were asked to give more details about their company and their typical clientele. Some of the questions were asked multiple times, just in different ways in order to elicit complete responses from participants. For example:

Q1: In your opinion, do you feel that partaking in domestic manufacturing gives companies a competitive advantage over those who are not producing their products on American soil? Why or why not?

Q2: Would you say you are optimistic about the future of American manufacturing of the apparel industry? (Trends, future of the industry, etc.) Why or why not? Where is the industry headed within the next 5 to 10 year?

Q3: What competitive advantage do you feel working with (Insert Company Name) gives clients? If any?

These questions can be found in Appendix A in alphabetical order by company. These questions were intended to help better reach the research objectives. The objectives, although broad, help to structure each participant's story and will be able to shine a light on similarities between companies. The research objectives are stated below:

RO1: Identify the benefits and the drawbacks of domestic manufacturing.

RO2: Determine what trade-offs, if any, it takes to produce domestically.

RO3: Describe corporate social responsibility in domestic manufacturing.

RO4: Characterize the ideal business practices for producing domestically.
Research Design

Narrative qualitative approach

Qualitative research was chosen as the best method to better tell the participants’ stories. Buciuni and Micelli (2014) used qualitative research for a very similar field - furniture. Buciuni and Micelli’s (2014) study is an excellent resource, not only because of the similarity of furniture to textiles, apparel and sewn goods, but also because their study took place within western North Carolina. Buciuni and Micelli (2014) describe qualitative methods as an excellent technique for the researcher to better capture relationships and social interactions, two key components within the research. This is important in the current study because the textile and sewn goods industry has remained a tight niche community throughout the United States and even more so within the Southeast. To better tell the story of domestic manufacturing within the textile and sewn goods industry, lengthy interviews were used to provide depth to the companies’ stories. In addition, tours of the participants’ facilities were made. Notes were taken throughout the interview, from the researcher’s point of view as well as during facility tours. These observations were crucial to see the inner working of production.

Theoretical framework

The theoretical framework of this research was built to investigate whether domestic manufacturing is successful and practical for the current market place. The justification for the current research is based on the literature review which revealed a lack of current day scholarly articles on domestic production within apparel and sewn goods the companies in the current study are organized according to their place in the textiles and sewn goods industry. The
companies could have been organized using other categories, however by using the supply chain the relationships could be more clearly depicted.

Many blame NAFTA in the 90’s for a large part of American manufacturing picking up and going overseas. However, this will be left out of the questions and up to the interviewee to mention depending on their timeline within the industry. The focus will be up to the interviewee to express their opinion on either the progression or regression of the industry, especially with current day trade agreements at stake, like Trans Pacific Partnership (TPP).

**Instrumentation - interview development**

The questions were prepared from multiple studies throughout the literature review, with a main focus on Buciuni and Micelli’s 2014 study. Open ended questions were used in order to allow the interviewees to speak broadly and not feel persuaded in their answers by the interviewer. In the present study, the sample of interviewees were selected through a “snowball” effect of asking interviewees to recommend another participant (Patton, 1990).

There were 17 established questions to be asked during the interview process. However, many times answers to one question would lead into another inquiry, which often happens in interviews with open-ended questions. The collection of questions was designed to allow the participant at least 30 minutes to talk. However, there was no fixed time limit on the interviews. Many interviews did exceed 30 minutes. The interview questions were sent out to each participant via email, anywhere from a week to 2 days before the interview. This allowed the interviewee to review the questions and have a few thoughts prepared beforehand. This also allowed them to let the interviewer know if they felt uncomfortable with any of the questions. The questions were developed to be asked in a conversation between the interviewee and the
researcher. Most of the interviews were conducted between the researcher and one interviewee. However, for APaDS and Valdese Weavers, a set of two employees/partners were present during the interview. These will be counted as the company's voice/opinion, but both interviewees are represented in the transcription. Before reaching out to any of the participants, permission and approval of all materials were granted by North Carolina State University's Institutional Review Board (protocol, #6651).

Sample

Based on connections and travel/budget constraints 11 different businesses/organizations were chosen for the sample. From the beginning no specific number of interviews were set. A “snowball” sampling technique was conducted in hopes of accessing more participants through each interviewee (Patton, 1990). Other studies also have employed “snowball” sampling (Weiss, Trevenen, & White, 2014). Most all of the businesses/organizations were stationed within the southeast, with the exception of Duluth Pack, allowing on-site visits. All companies are solely domestic companies, who never took their work to another country for the production process. The states included in the research were Georgia, North Carolina, South Carolina, and Minnesota (Duluth Pack). The sample size was best positioned to account for all parts of the supply chain, therefore providing a better understanding of the relationships between all parts. The categories within the supply chain that the research reviews are listed and defined below:

- **Designer** - Someone who is responsible for creating the specific look of a garment or product. Many times through sketch, determining how to turn a design into an actual 3D object that. Their work must then be interpreted by others like patternmakers, cutters, sewers, etc. (Sterlacci, 2005).
- **Sampling/Prototyping** - In this study sampling and prototyping is helping the designer put their concept into creation through pattern work and mock-ups. This step allows for the designer’s work to be translated and ready to take into final mass production.

- **Cut and Sew Contractor** - These manufacturing facilities typically mass produce a designer’s creative idea into a final product. Manual labor is required to accomplish everything from pattern layout, to serging, riveting and more.

- **Mill** - Factory/facility for making textiles (mills can be used as a broad term from the processing and spinning of cotton to the actual weaving of the fiber) in this study the mill is Valdese Weavers, North America’s leading jacquard weaver.

- **Organization** - These can be nonprofit and profit groups that help support and connect like-minded individuals/companies. In this research SEAMs was studied, SEAMS is a membership organization that allows companies to acquire work, list job postings, collaborate with other domestic production, and more.

- **Printing** - For this study, the printing category will focus on TS Designs. They work to produce a final product (for example a t-shirt) with a final print/logo for the retailer/brand (for example, Whole Foods branded T-shirt). This can be anything from screen printing to sublimation.

Below is Table 3 that shows all of the participant companies, the interviewee, their location, supply chain role, and website. It is important to note that many of the companies are in more than one part of the supply chain (e.g. prototyping, sampling, and cut and sew). This will be discussed more in the results, however for now they will be labeled under the category in which they most often participate.
Table 3. Participants within the research - information

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Interviewee Name</th>
<th>Location</th>
<th>Supply Chain Role</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duluth Pack</td>
<td>Interviewee A</td>
<td>NC</td>
<td>Cut &amp; Sew</td>
<td></td>
</tr>
<tr>
<td>Mamie Ruth</td>
<td>Emily Bargeron</td>
<td>Savannah, GA</td>
<td>Designer</td>
<td><a href="http://mamieruth.com">http://mamieruth.com</a></td>
</tr>
<tr>
<td>New South Manufactory</td>
<td>David Brown</td>
<td>Raleigh, NC</td>
<td>Cut &amp; Sew</td>
<td><a href="http://www.newsouthmanufactory.com">http://www.newsouthmanufactory.com</a></td>
</tr>
<tr>
<td>Opportunity Threads</td>
<td>Molly Hemstreet</td>
<td>Morganton, NC</td>
<td>Cut &amp; Sew</td>
<td><a href="http://opportunitythreads.com">http://opportunitythreads.com</a></td>
</tr>
<tr>
<td>SEAMS</td>
<td>Sarah Friedman</td>
<td>Aiken, SC</td>
<td>Organization</td>
<td><a href="http://seams.org">http://seams.org</a></td>
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<tr>
<td>TexDel</td>
<td>Jordan Schindler</td>
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<td>Designer</td>
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<tr>
<td>TS Designs</td>
<td>Eric Henry</td>
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<td>Printing</td>
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</tr>
<tr>
<td>Valdese Weavers</td>
<td>Joel Crisp &amp; Blake Millinor</td>
<td>Valdese, NC</td>
<td>Mill</td>
<td><a href="http://www.valdese">http://www.valdese</a> weavers.com</td>
</tr>
</tbody>
</table>
Figure 1.5. Percentage of Interview Categories

The Figure 1.5 above shows the percentage of different categories within the supply chain that were reached. Again, each company was listed according to its’ primary function, rather than multiple functions. The category other includes sampling and printing.

Data Collection

Interviews (N=11) were conducted in person at the facilities, or via telephone. Many of the initial interviews (those before the “snowball” effect) were established through the connections of the Carolina Textile District with the help of Sara Chester, Tanya Wade, and Dan St. Louis. Other connections were established through networking at trade-shows like Outdoor Retailer in Salt Lake City, Utah and Texprocess in Atlanta, GA. All interviews were conducted by the principal researcher, Savannah Fender. In some instances, multiple individuals were interviewed as one single unit. These interviews are counted as a single data point for the
company/organization. All interviews were recorded using either a small SONY digital voice recorder or Apple iphone Voice Memos application. The interviews were then stored on a private Google Drive, to be transcribed later verbatim by the principal researcher with the assistance of NVivo Pro software, accessible through NC State’s TATM Department, room 4404.

During the interviews the researcher also took handwritten notes. They were reviewed after the interview to process any follow up questions. Handwritten thank you cards were also mailed personally to each individual who participated in the study. The table (Table 4) below will show which interviews happened in person at the actual facility or via telephone.

*Table 4. Interview platform*

<table>
<thead>
<tr>
<th>Company</th>
<th>In-Person</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>APaDS</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Duluth Pack</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Interviewee A</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Interviewee B</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Mamie Ruth</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>New South Manufactory</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Opportunity Threads</td>
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<td>X</td>
</tr>
<tr>
<td>SEAMS</td>
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<td>TexDel</td>
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<td>TS Designs</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Valdese Weavers</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
Data Analysis

All of the interviews were recorded and later transcribed by the researcher. Using NVivo 11 software and visual scanning, the transcriptions revealed keywords that appeared frequently. From these keywords, the researcher determined recurring themes that seem to be present throughout the research. The results are presented by research objective.

Frequency of key terms were determined by grouping relevant quotes from each participant into specific nodes: for example, header - domestic manufacturing, sub-headers - benefit and disadvantage. Some of the recurring categories were discovered by word frequency queries that tracked percentage of certain words, using exact matches (e.g. talk), and stemmed works (e.g. talking) and synonyms (e.g. speak).
CHAPTER 4: Results & Discussion

Introduction

Interviews were conducted as the form of data analysis to address and research multiple questions that relate to domestic manufacturing. The questions were slightly altered to better fit each individual participant. This was due to the different supply chain roles and functions (e.g. designer vs. cut and sew contractor). The exact question per company are listed in Appendix A, in alphabetical order. Although the questions may have been altered slightly, below are the core of the questions. The results will be organized by research objectives, and pulling out frequent words and common themes between individual participants.

1. Background Information, Could you summarize how you got to where you are today?
2. Who are your typical clients? (e.g. Small business – Large corporations)
3. Does (Insert company name) have a role in domestic manufacturing?
   a. Do your clients/companies work to produce domestically or source overseas?
4. Do you encourage your clients to work domestically? How so?
5. Does (Insert company name) have a “defined” corporate social responsibility?
6. What are your turnaround times?

7. In your opinion, do you feel that partaking in domestic manufacturing gives companies a competitive advantage over those who are not producing their products on American soil?

8. Do you feel that domestic manufacturing is coming back within the apparel and textile industry?

9. What do you think has NOT proven to be beneficial for domestic manufacturing?

10. What trade-offs do you feel have to be taken in order for a company to domestically manufacture products?

11. Would you say that you are optimistic about future American manufacturing of the apparel industry?

12. Who do you feel are some of your competitors?

13. What are your opinions on consumers and their awareness/knowledge on domestic manufacturing?

14. What would you say to someone who wants to open a cut and sew factory to create more American manufacturing for the apparel and textile industry

Sample and Demographic Profile of Participants

A total of 11 different companies were interviewed, some with multiple participants, employed by the same company. Two of those companies that had multiple participants include: APaDS and Valdese Weavers. All of the participants are involved in some way with domestic manufacturing for textiles or sewn goods. Each company varies from different rolls in the supply chain, for example: mills, designers, prototyping, organizations, cut and sew contractors, and some apply to multiple of the listed operations. All were located within the Southeast, with the
exception of Duluth Pack, which is located in Duluth, Minnesota and was conducted over the telephone.

**Interview Process**

Once Institutional Review Board (IRB) approval was accepted through the university, each individual participant was contacted either through email from the initial researcher or with the help of The Carolina Textile District and their connections with multiple partners. Once participants responded, a date and time was scheduled for an in person interview and facility tour (exception Duluth Pack). Before each interview participants were asked to review the IRB consent form. Each participant was able to check yes or no, on their preference of name use within the research. Out of 11 interviews, only 2 preferred to remain anonymous. Their request was met and will still be described, but left unnamed.

**Data Analysis**

All of the interviews were recorded and later transcribed by the researcher. Using NVivo software and visual scanning, the transcriptions revealed keywords that appeared frequently. From these keywords, the researcher determined recurring themes that seem to be present throughout the interviews. The first section of the results will describe each of the companies. The second section will present the themes from the interviews organized by research objective. A screenshot below shows a brief insight of the NVivo software (Figure 1.6).
Background and History

This question was used to prime participants and kick off the conversation. Although it was not a crucial part of the research, it was interesting to hear the wide range of backgrounds. Every participant had a different answer to this question, from those who have been working in the industry for 30+ years, to participants who had no formal training beforehand and were relatively new to the industry.

The descriptions of each company are given next in alphabetic order, which follow the order of the transcriptions in Appendix B. Each company's information, as well as their role in the supply chain, can be found in the methodology (Chapter 3).

Apparel Prototyping & Design Solutions LLC. (APaDS)

Although a relatively new LLC since 2014, APaDS employees have been in the industry for the past 25+ years. The idea to create APaDS was a result of Clemson University making a decision to shut down Clemson Apparel Research (CAR). Apparel Prototyping and Design Solutions, LLC (APaDS) is located in Pelzer, SC, about a 20-minute drive south of Greenville, SC. Pelzer is a small town that holds a place in textile history, now with a population of just below 100 people. The interviewees consisted of Darlene Martin, the senior pattern maker at...
APaDS with 28 years of experience and Elroy Pierce, Founder of APaDS with over 38 years of experience in apparel manufacturing.

APaDS houses six office spaces, a digital patternmaking room, and an open floorplan sewing/cutting room. They are in collaboration with the Al Barry Foundation. APaDS offers multiple services for sewn product needs. They work with pattern design, pattern grading, marker plotting, garment samples, garment costing, industrial engineering, and apparel consulting. They are a great initial step for startups and entrepreneurs to get their feet off the ground and then move into manufacturing. APaDS partakes in a few small runs for clients, but their main focus is the pre-planning stages for clients.

**Duluth Pack**

Duluth Pack, in Duluth Minnesota has been around since 1882. Originating as a canone bag brand, Duluth Pack now continues to make handcrafted hunting, shooting, and outdoor gear (including leather and canvas bags, totes, luggage, and more). They pride themselves on quality and craftsmanship above all else, and stand true to a premium product with a premium price. Each product comes with a lifetime warranty and a Made in America flag inside every bag.

Duluth Pack was the oldest company of all the participants. Today it is owned by Tom Sega (interviewee), a passionate Duluth follower who bought the company after admiring the outstanding and durable luggage he purchased from the company. Sega’s background was not extensive in textiles; however, he saw the potential that the company possessed. Sega came from the pulp and paper industry and due to his extensive travel he relied on durable high quality luggage. He found just that when it came to Duluth.
Today Duluth Pack sells to wholesalers, as well as directly to consumers through e-commerce. Manufacturing is out of Duluth, Minnesota employing typically around 50-60 employees in pure production, with seasonal increases and decreases. The employees are the backbone of the company, and that is clear through initiatives the company has put into place. For example, every bag the employee makes, they sew a tag into the bag that they sign their name on and date.

**Interviewee A**

Interviewee A had a background in mechanical engineering and found it hard to land an advanced career back in the late 70’s in New York City, with English as his second language. Instead, he turned to selling imported soccer goods and from there branched out into making soccer apparel. **Action Sports Systems Inc.** was established in 1981. The company was founded by a husband and wife, who felt the need to fill the demand for quality soccer jerseys, as the immigrant sport was becoming more and more popular in America. The couple started in New Jersey but later discovered the rich roots of textile sin North Carolina, and finally decided to make the move.

**Action Sports** is dedicated to making quality nylon garments for different sporting teams, and making them custom for each individual client. Their slogan is, “You create, we make, in just 3 weeks.” Although they have had to change their business model due to the low demand in sporting uniforms they are now a contract cut and sew facility for small runs. Today they work with clients like Alexander Julian out of Chapel Hill, NC. They are still dedicated to high quality and long lasting garments made with North Carolina fabric using North Carolina craftsmanship. This company is a vertically integrated facility, doing everything in house from knitting.
trim/braid, printing, embroidery, and more. At one-point Interviewee A employed around 40 people. However, today they employee 7-8 people, with hopes of hiring a few more. The work they have now is certainly different from their initial descent, but they are still domestic based with steady business.

**Interviewee B**

Interviewee B has been in textiles all her life. Originally from Germany, she held an apprenticeship, teaching her everything she knows today about fibers.

“... this apprenticeship, it's really a good thing. You don't earn much money. It takes a whole month to work to buy a dress.” - Interviewee B, *Catawba Creations*

In 1958 she moved to the United States, and by 1970 she decided to open up the business with her husband. The business at the time employed 40-50 people. Interviewee B admits the business has faced some hard times, from their building catching fire in 1989, to having to lay-off employees when sourcing went elsewhere. It was interesting to note the old tags that still sat on the shelves within the facility. They were garment tags from past clients like Adidas, Reebok, Puma, and Champion - whose business now is based overseas. However, she has not let that stop her. Today Interviewee B admits she’s fortunate to have loyal clients who have worked with her for 16+ years. The facility is located in North Carolina and employees 8 people. It is a large space with plenty of room for growth. Interviewee B’s company is dedicated to helping new clients, as well as continues to mass produce for returning ones. They are a cut and sew contractor with domestic roots, and commitment to serve their clients.
Mamie Ruth

Mamie Ruth is a clothing brand out of Savannah, Georgia. Emily Barger is the owner, designer and mastermind behind the brand. The studio and storefront are located at 107 W. Liberty St. Savannah, Georgia 31401. All garments are made in America, with the punch line “Made in the USA, Duh,” on all Mamie Ruth garment tags. The clothing line is fun and colorful. Mamie Ruth produces a ready-to-wear line that is perfect for any music festival. Emily named the line after her grandmother, Mamie Ruth. Mamie Ruth clothing can be found in boutiques and specialty retailers nationwide. Emily describes the brand perfectly by stating, “It’s not about the shirt on your back, it’s about how that shirt makes you feel. Our garments make you want to dance and let loose.” Although she makes most of the samples herself, she uses a small cut and sew contractor for her production, based in Georgia. She admits that finding production, was not the easiest thing to do. When she found this facility they mainly did uniforms, and it took Emily’s convincing to persuade them to pick her up as a client. Mamie Ruth has not stop pushing. The brand is growing daily from showing at Charleston Fashion Week and by winning Belk’s 2016 Southern Designer Showcase. Belk will be featuring an exclusive Mamie Ruth collection to be sold in a select number of Belk stores throughout 16 states in Spring 2017.

New South Manufactory

New South Manufactory (NSM) is located in the hub of Raleigh and Durham, North Carolina. NSM is a niche sewn products facility and sewing contractor that opened in February 2016. Owned by David Brown, a former North Carolina State University graduate, with a background in finance. David first created the concept of NSM when he could not find anyone domestically to make his outdoor apparel brand called Mts to Sea. After shadowing a fellow
participant in the research study, Molly Hemstreet at Opportunity Threads, David decided to branch out on his own. Although relatively new, NSM is making connections quickly. NSM states that they “provide the highest quality sewn goods in an ethical and responsible manner while building our community by providing jobs and loving people.” They are a cut and sew contractor working to find their niche in the marketplace to better provide for their clients. At this time, David seems to think that might be in home furnishings. David has played around with the idea of creating a co-working space with his facility, inviting entrepreneurs and designers to come and use the industrial machinery. However, at this time they are still growing their client base on the cut-and-sew side.

**Opportunity Threads**

Opportunity Threads was started by Molly Hemstreet, a partner also in the creation of the Carolina Textile District. The company was established as a volunteer based organization under the LLC in 2008. However, most of their workers came on full time around 2011 and they ended the volunteer aspect. Today they are a worker owned cut and sew contractor housed in a 10,000 square feet space in Morganton, NC. They mainly focus on sustainable production, for example upcycling. They currently employ 23 people and are looking to grow. Their client base is around 20 to 30 different clients, with a waiting list for production. Some of their larger clients are Project Repat (upcycling old t-shirts into quilts) and Maggie’s Organics (sold at Whole Foods). Molly had no past experience in textiles, and actually majored in Spanish Latin America studies with a certification to be a teacher. Although she is still teaching and learning every day, she took a different path. Molly grew up in the area and was familiar with the hardships that textiles and sewn goods had caused so many people within the community. Molly decided she wanted to
change all of this. With the help of Dan St. Louis at the Manufacturing and Solutions Center in Conover, NC, Molly was able to establish Opportunity Threads.

“... it wasn’t as much interest in the cut and sew, it was more of an experimentation of the labor model as a worker owned facility...” -Molly Hemstreet, Opportunity Threads

**SEAMS Association**

The SEAMS Association was formed in 1967 by a group of businessmen in South Carolina who would get together on Saturday mornings and have coffee. They would talk about the industry, the problems they faced, and how they could grow their business. It started as The South Carolina Needle Trade Association (SCNTA), with membership from only manufacturers or contractors within South Carolina. Later they moved their headquarters to Columbia, SC and with a large following they decided to open up membership in other states within the Southeast. The name then became South Eastern Apparel Manufacturers Associations (SEAMS). By 1970, they decided that supplier companies (e.g. fabric, trim, anything related to sewn goods) could also become members. This changed the name to South Eastern Manufacturers Suppliers Associations. In the early 1990’s the attraction was still growing, and from states throughout the country, ranging to California. They decided to open membership to everyone within the United States, and today use the trademark SEAMS, leaving out the south eastern part. The interview was held with Sarah Friedman, the current Executive Director of SEAMS, who will be retiring in Spring 2017. SEAMS Association helps promote and provide economic growth for domestic based companies within the sewn goods industry. They provide educational programs, information on government regulation and legislation that impacts the industry, and host networking events and conferences. They set up booths at many domestic trade shows like Texprocess in Atlanta, GA and IFAI in Charlotte, NC. The membership price is based on the
number of employees at that company and incoming revenue. SEAMS has a large database of over 230 different members from around the country. They are helpful for those already working domestically, as well as companies/individuals looking to work domestically. SEAMS provides weekly emails, as well as updates for members who are looking for work, hiring, or exciting news in the industry.

**TexDel**

TexDel, is the abbreviation for Textile Based Delivery Inc., who allows for active ingredients to be transmitted from the textile to the consumer. The idea started when Jordan Schindler was a college student looking to fight acne. After he visited a dermatologist who explained to him the link between bad skin and pillowcases, and recommended Jordan wash his pillowcase 2 to 3 times a week. Jordan thought for a “college male, that’s never going to happen! There must be a better way.” From there he got to thinking about how often textiles come into contact with our skin on a daily basis.

**TS Designs**

TS Designs has been in business for 38 years. Eric Henry started the business in 1978 while he was a student at NC State University. The company started as a business selling t-shirts to clubs and organizations around campus. At the time the business was called Creating Screen Designs. Two years later, Eric met Tom Sineath, a graduate of NC State University. Together they owned TS Designs, Tom Sineath as CEO and Eric as President. During the 80’s they had clients like Tommy, Nike, Gap, and Polo. At that time, they were employing around 100 plus people. After 1994 when NAFTA occurred, they downsized to about 14 employees. After that they decided to re-invent themselves, embracing a triple bottom line business model. With the
help of Sam Moore, TS Designs shifted to creating high quality, sustainable printed apparel. TS is now known for their rehance process - where they print the garment and then dye it. Eric also launched Cotton of the Carolinas “dirt to shirt” eight years ago. The concept was to connect the t-shirt back to jobs and the actual cotton that went into it. Cotton of the Carolinas reaches 600 miles and impacts 500 jobs. The best part about it all is you can track how your shirt was made by the color of threads in the t-shirt. The model is all about full transparency and educating the consumer.

**Valdese Weavers**

Valdese Weavers, located in Valdese, North Carolina, is one of the leaders in North America for decorative jacquard textiles. They pride themselves on their vertical manufacturing and ability to mass customize. They trade under six different brands; Valdese Weavers, Valdese Weavers Contract, Circa 1801, Home Fabrics, Dicey Fabrics and Valdese International Products (V.I.P.). Valdese was a once owned family business. Today they are an employee stock ownership plan (ESOP). Their production is still based within the United States, with access to sourcing overseas materials depending on their clients. The interview at Valdese Weavers was conducted with Joel Crisp, Senior Vice President - Global Operations and Blake Millinor, Senior Vice President and Chief Marketing Officer.

In the results sections that follow, there are charts summarizing the similarities and differences among the companies. Table 5 lists the letter assigned to each company for purposes of the results tables.
ROI: Identify the benefits and the drawbacks of domestic manufacturing.

This objective was to describe the pros and cons that come along with domestic manufacturing. While most participants expressed deeply the good they feel they are creating for the economy and community, concerns were also expressed.
The benefits summarized in this table show the similarity between certain companies. Looking at the table from a vertical aspect, it is noticeable that companies like A (A=APaDS), F (F=New South Manufactory) and K (K=Valdese Weavers) all have similarities. This is interesting due to the fact they all have different roles in the supply chain (prototyping, cut and sew, and mill). However, all seem to share similar viewpoints on benefits. They feel strongly about people and product, but not as strong about price and quality. The similarities between company D (D=Interviewee B) and G (G=Opportunity Threads) are interesting to note due to the fact that Molly Hemstreet at Opportunity Threads shadowed under Interviewee B when considering entering into the industry. It is clear that Interviewee B, being in the industry since the 70s, rubbed off on Molly’s overall viewpoints towards the industry. Molly learned from Interviewee B and as a result understands the ups and downs of the industry without having worked in the industry through times like NAFTA. They seem to share the same benefit ideals,
even though Molly may have never been affected by the drawbacks like Interviewee B. They both feel strongly about people, less strongly about product and quality and do not mention price.

It was refreshing to hear how many participants stressed the importance of people when it comes to the benefits of domestic manufacturing. It restores faith in humanity and the ability to provide for one another. Through different quotes, each participant had their own way of stressing the benefits of face-to-face communication, employing locals from the community, and providing consumers (people) with something they could be proud of (quality). Eric Henry, as well as Darlene Martin talk about the importance of face-to-face communication and the role it plays:

“... it is the face-to-face communication. We’ve been dealing with a quality problem this week with our supply chain and within hours we get people together to talk about it. And, sure, you might be saving 50 cents or a dollar if it’s overseas but I can only imagine it is a nightmare with the time zones, the languages.” - Eric Henry, TS Designs

“I think a lot of it is quality of the garment and there again that person relies one on one being able to communicate face-to-face with the manufacture and actually go to the facility.” - Darlene Martin, APaDS

Another important role in domestic manufacturing is quick turnaround times. Joel Crisp at Valdese Weavers gives a perfect example of how Valdese can help their clients fulfill an order under a time constraints and common error that can occur when working with overseas partners:

“... we mass customization, I think would be a good verb or good definition of Valdese Weavers ... we have short runs, quick turn, fast delivery and a lot of cases furniture manufacturers, let’s say they’re getting ready for market, furniture market, and that component supplier from China that’s supposed to be there on that particular frame those delays in shipment are held in customs or whatever. They turn to us to replace that component at market because they can’t get it.” - Joel Crisp, Valdese Weavers

Overseas labor wages seem to be rising in China and with that brings hope of some manufacturing returning. That is not to say that some companies are not following the cheap labor and moving into countries like Vietnam, Indonesia, and Bangladesh. However, American
made products are also becoming more significant to overseas clients. For example, NPR wrote an article about how Chinese consumers embrace a ‘Made in USA’ label more than New Balance products that are being made within their country. Executive Director, Sarah Friedman, at SEAMS talks about insights from New Balance and their military contract.

“... New Balance furnishes most of the armed forces their shoes ... there’s a lot that goes on behind the scenes ... the Berry Amendment is huge for US Textiles and manufacturing...” - Sarah Friedman, SEAMS

It was interesting to see that 2 of the 4 of McCarthy’s 4 Ps of Marketing (product, place, promotion, price) were found to be 2 out of the top 5 key terms pulled from benefits of domestic manufacturing. Percentage wise, these terms were widely used. This could be a good sign for marketing strategists and prove to be beneficial for overall sales of American made goods. When it comes to consumer awareness, and probability of checking their garment tag for country of origin, the chances are very slim. Marketing is lacking, and consumers are losing product knowledge. Interviewee B talks about the change, and where we should be heading:

“They used to say advertisements on TV ‘buy American made goods’ or ‘made in the USA goods’. We don’t do that anymore. They slacked off in that, but you know we really need to educate the people.” - Interviewee B, Catawba Creations

**Drawbacks**

“Higher the quality, obsessively the more expensive...” - Tom Sega, Duluth Pack

Along with the advantages of domestic manufacturing, there are also disadvantages that occur. Companies are either consumed by the bitter effects of these disadvantages or working to overcome them. Key themes that were dominant throughout participants’ response to disadvantages are listed below in Table 7. These themes include the overall cost and therefore the profit companies sometimes have to sacrifice to produce domestically. Customers/consumers
also play a huge role in the disadvantages, due to unwillingness to pay more, lack of education on production of products or a lack of interest. NAFTA was talked about throughout the interviews as well. Most of the time, the topic was not introduced by the researcher, instead the interviewee initiated the discussion about how this trade agreement affected their business and overall labor laws.

Table 7. Drawbacks term frequency

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Like benefits, this table shows similarities between participants when it comes to drawbacks within the industry. There were more similarities in the drawbacks then there were in benefits. Everyone mentioned cost. Everyone but one company mentioned labor and customer. Six companies shared similar viewpoints on drawbacks. These companies include A (A=APaDS), D (D=Interviewee B), E (E=Mamie Ruth), F (F=New South Manufactory), H (H=SEAMS), and I (I=TexDel). These companies mentioned the terms/themes of cost, labor, and customer. They did not mention profit or NAFTA. These companies include two designers,
one organization, two cut and sew, and one prototyping. Again it is interesting that throughout
the supply chain these participants share the same viewpoints. Even with a variety of experience
they each seem to notice the same drawbacks. These reflect the idea that consumers are not
willing to pay the cost and the labor force is an aging generation. Other similarities can be seen
between companies like B (B=Duluth Pack) and C (C=Interviewee A), both older companies that
survived both NAFTA and the recession in 2008. Company J (J=TS Designs) and K (K=Valdese
Weavers) share similar viewpoints, but have also adapted their business models through things
like B-Corporation and ESOP (Employee Stock Ownership Plan).

Participants talked about the main struggle of convincing consumers that the price is
right. Many times due to a lack of interest or education consumers are not fully evaluating their
options. For example, a jacket made in China might be $20 cheaper than the one made in the
USA. However, that extra $20 is going towards the American economy, and providing jobs
within the community, and even working to lower taxes with less import cost. Some of the
interviewees stressed the importance of education.

“... look at two pairs of bell bottoms, you know, and then one is made in USA and is 140
dollars, one is made in China and it’s 40 dollars and even the customers who say they
care are going to buy the 40 dollar ones ... because it’s what you can afford.” -Emily
Bargeron, Mamie Ruth

“... like I said if we go to these retail stores, you might love our product we want to put
on the shelf with all the other things that are made overseas, and we don’t educate the
customer buying the product, then our sales are going to suck because the customer is
going to say, hey that shirt is $10 more. Why am I going to buy that shirt for $10 more
dollars? It’s not only educating the customer but educating their customer.” -Eric
Henry, TS Designs

“... consumer consciousness, so I think it is very important that people learn to drive
consumer consciousness. Because consumer consciousness makes you think about it
...” -Molly Hemstreet, Opportunity Threads
NAFTA was also discussed through some of the interviews. This topic occurred more with the older companies, those most mainly affected by the trade agreement. Eric Henry at TS Designs, spoke about how some of his main clients were larger corporations and when NAFTA came into place those larger corporations were the first to leave.

“... pre NAFTA we had 8 or 9 customers that gave us 90% of our business. Nike alone was three or four hundred thousand t-shirts a year.” -Eric Henry, TS Designs

Today, Henry still appreciates loyal clients with large orders, but also works with a lot of smaller orders for small to medium size clients. He has adapted to the times and has found a business model that works for his company. Interviewee B also worked with a lot of large name corporations back in the 70’s and 80’s. In fact, on the facility tour it was amazing to see the old tags that Interviewee B still maintained, due to corporations that left the State side in such a hurry that they did not even worry about managing what they had left in domestic facilities. Interviewee B has also adapted and is open to smaller runs, but appreciated those loyal customers that keep coming back.

“It’s good when you have a relationship like that, you can trust each other ...” - Interviewee B

Politics was left out of the interview questions, but it seemed it could not be ignored, especially with an election year approaching. Politics affect all businesses small and large, and with trade agreements like NAFTA and TPP in the near future, business owners cannot help but express their concern about how it might affect manufacturing.

“I think a lot of it, a lot of it hinges on this election coming up. On the trends that have been happening, will they continue to, and part of it is our own government making it just about impossible to be a small private business, and do business here. From regulations to taxes and everything else, they make it so difficult for a small business... ”

-Tom Sega, Duluth Pack
The concern for a workforce is also on everyone’s mind. Some of the employees seen throughout the facility tours were 40+, some even retired from other jobs who just enjoyed sewing. These are the majority of people within the workforce for domestic manufacturing within textiles and sewn goods. However, they will not be able to carry out the work forever. The business has to make a shift and attract future generations into the upcoming work positions.

Elroy Pierce talks about his fear for the industry when it comes to a young workforce:

“... It will never be what it was in the sixties and seventies. The main thing, challenges, I think the apparel industries have right now is bringing new and young people into the industry. It’s not an attractive job for someone to sit behind a sewing machine and sew all day. The fast turn manufacturing removes that sewing the same thing all day. It allows them to sew different things and do different things throughout the day.” -Elroy Pierce, APaDS

With things like automation, the industry is starting to be more attractive to the younger workforce. There is a new important set of job skills for employees to maintain. These skill sets are now more technical, and underlining that for the new workforce will be crucial. Interviewee A talks about the workforce becoming more automated and the effects it could have:

“... in general I see a lot of automation. The low quantity stuff will still be made like we are making today ... But what I think now probably they will have more automation in the sewing part, you know in the production part. But that may not be good for smaller production runs.” -Interviewee A, Action Sports

RO2: Determine what trade-offs, if any, it takes to produce domestically.

Trade-offs were different for every participant. For some, like Molly Hemstreet, it was never even a thought that crossed her mind. For Opportunity Threads, domestic manufacturing was their main goal, and they were not going to trade that for anything. When asked what trade-offs they felt they had to make to produce domestically, the statement was made:
“... it doesn’t even enter into the conversation for us. I think we’re niche and small enough that we’re not trying to compete with what’s leaving or what’s left … We’re different. We’re like a new breed of what work looks like.” -Molly Hemstreet, Opportunity Threads

Other companies did not name a huge list of trade-offs, but a few things did come to mind. For APaDS, quantities seem to be a trade-off that they were willing to sacrifice, and say good-bye to commodity items being produced domestically.

“Unless, you are doing military contracts now you are never going to have the large quantities that people use to produce ... You’re never going to do that in the states again.” -Elroy Pierce, APaDS

Other trade-offs that followed were: price, profit and cost. Three terms, that go hand in hand; each seemingly starting and directing the marketplace. From a consumer standpoint, retailers and brands are making sure they are happy, and when the price goes up the consumers resists. Mamie Ruth brand is aimed towards younger, college aged girls who are typically drawn to fast fashion and disposable clothing. For designer Emily Bargeron, it is difficult to keep up with her clientele and make sure that the price meets their budget. Emily talks about the trade-off that she feels had to be made to produce domestically:

“Well I think that like I said, price, obviously, but I mean it’s kind of hard because I think that price is the one that dominates the most ... when you’re buying something, the determining factor really comes down to price.” -Emily Bargeron, Mamie Ruth

Tom Sega, at Duluth Pack also is aware that his products are not a need for consumers, but rather a want. When an economic disaster occurs: like the recession in 2008, wants are the first things consumer abandon. He admits the company could be more profitable:

“One is the profit for the company. We’re a for profit company. We’re privately owned company and part of the trade off is we’re not nearly as profitable as we could be, from the standpoint of making it here.” -Tom Sega, Duluth Pack
However, Sega then continues to talk about the company’s heritage and how they are not going to compromise that for the “almighty profit dollar.” The company’s overall profit may take a slight hit, but the foundation they have built throughout the years is much stronger than that:

“But, that’s our culture, and that’s who we are, we don’t want to apologize for it and we never will ...” - Tom Sega, Duluth Pack

Jordan Schindler at TexDel, gives an actual example of a trade-off he felt his company needed to make in order to be successful and make a return profit. Although the result ended with sending cut and sew overseas, it’s a real life example of the verdict retailers and brands have to face daily:

“... so we are B2B (business to business) but I can answer from this standpoint ... I actually went out to China and looked at the factories and from this standpoint, cost wise we couldn’t have even done it in the U.S. I wanted to do it in the U.S. and we looked at quotes from both sides of it. U.S. would have been like twenty two dollars a pillowcase or something and China was seven, and so that tells you something ... So yeah, it just wasn’t feasible to do it just from a cost standpoint, from a minimal order standpoint it wasn’t feasible.” - Jordan Schindler, TexDel

It was interesting to hear all valid points for tradeoffs, and when it comes down to it, it seems it is all about the labor force. Companies are left to decide whether it is a cost or an investment for the company. This shapes the entire company from that point on.

“... you have to invest in that, because people are what make it happen, and if you look at it as just strictly a – an expense, like any costs basis versus we’re investing in people, and people are what make it happen. You can’t be short sided with that, you have to keep your eye on the ball, and look longer terms...” - Tom Sega, Duluth Pack

Non-vertically integrated production also seems to be a trade-off designers are having to consider when sourcing domestic versus overseas. Rather than having everything done in-house, or under one roof many times companies that are based domestic are having to find multiple
facilities to complete their task (e.g. cut & sew, packaging). This can sometimes lead to more expenses and be more difficult for clients to keep track of.

**RO3: Describe corporate social responsibility in domestic manufacturing.**

“It’s like we are family…” - Interviewee B, [Catawba Creations]

Corporate social responsibility was defined as an objective due to the literature review and the research on small American mill towns that affected entire communities like Towel City, NC (Hodges & Frank, 2014). Early on in the interview process it was clear to see that many of the participants might not have a ‘defined’ corporate social responsibility, but rather it is a part of who they are as a company or their culture. The examples below speak directly to that theme:

“The culture of this company is - we make it here, and we’re proud of making it here.” - Tom Sega, Duluth Pack

“I saw that questions and thought - no we don’t have an official statement - but I think when you look at our culture and how we operate and how we’ve operated over the years …” - Blake Millinor, Valdese Weavers

“I think that’s more of our culture and more of our reason for being so it’s deeper than a business plan … I think it’s more just in our DNA so to speak.” - Molly Hemstreet, Opportunity Threads

The key themes centered on culture, employees, family and company.
### Table 8. Social responsibility key terminology

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Vertically and horizontally this table show similarities. Looking from a horizontal point of view the participants all, except for two companies, seemed to feel strongly about their employees and the social aspect. Multiple participants touched on the theme that it is not always about finding a skilled work force, but rather a workforce that is willing to come in everyday and work their hardest. Tom Sega at Duluth Pack spoke about the fact that there is no need for prior sewing experience. Instead he insists that they teach you their way of doing things, the Duluth way. Not as many companies spoke about the theme or used the term corporation. This is speculated to be due to the fact that most of the participants are small to medium size businesses. Company K (K=Valdese Weavers) was the only company to discuss all five key terms. This seems to be due to the fact that they have been around for so long, within a rural community and have learned to adapt to better fit the needs and wants of the people within their community. They have accomplished keeping their employees as well as their community happy through things like community wide picnics and creating an ESOP corporation. The only two companies
that shared similarities within this objective were companies A (A=APaDS) and C (C=Interviewee A). Both companies had longer backgrounds within the industry compared to other participants. It is noticeable again that they did not speak on a larger scale (corporation) due to the current size of their business.

Labor (Employees) is what makes these companies great, and guarantees business runs on a daily basis. These are the men and women of the community, who put in hard work to produce and create textiles and sewn goods for everyone. It is up to the companies to show them gratitude for their service and make sure they are well provided for. Participants in the research were more than willing to brag about their employees and their initiatives that they hope are creating a better tomorrow for all employees. These include things like worker owned facilities, B-corp certification, ESOP (Employee Stock Ownership Plan) companies, and even taking a cut in their own salary to make sure their employees still had work in hard times.

“... maintaining jobs, we have never fired anybody ... I understand people have to make a living and even though business is down or was down ... even though we did not make money for years to keep going you know ... I realize that everyone has to have some kind of income ...” -Interviewee A,

“I think that if you work at a machine and bust your ass all day, you should be the beneficiary of what you make, you should have that margin come back to you and it’s usually the people that work the hardest, at the beginning of the supply chain that get paid the least. I think that’s fundamentally unfair across the board whether you’re making fuel, or whether that person is picking food in the crops, say like that person gets $4 per hour to pick tomatoes, then they’re sold in a restaurant on a plate for $60 so I think it’s just that kind of extraction of labor and so this is a model that puts labor in charge of capital versus capital in charge of labor so it’s really about several things. It’s about **voice in the workplace, fair treatment**, on a regular business but then ultimately the people that are working here over time can buy into the business and they are legitimate owners both in management and organizational structure, but also from an equity standpoint. Whatever they’ve helped to build it is not just going to one wealthy family, it’s going to those families that buy in, so it’s not to say it’s not a charity and it’s not a social cause they have to buy their way in the business, but once they’re there, when they stay late or we make a profit it goes directly back to them, it’s not going to one person. Traditionally it would go to one person like it would go to one owner instead of
those who work there but this in this case any profits are divided. In fact we had a business meeting yesterday about making a profit and what was decided was to give everybody a $1 raise, you know which is pretty impressive. They decide, the owners decide what we do...” -Molly Hemstreet, Opportunity Threads

“I’m a big believer that the ESOP was the best solution and the best option for our company, for the company as a business and for our employees, versus being owned by a private equity company or through a strategic purchase. Not to say that those avenues couldn’t make more money for someone but this is better for the employees. We talked about the loyalty to the community that the families had for so many years and now we're able to lock in on that. Whereas if we were held by a bank in New York, we can be sold to China tomorrow.” -Blake Millinor, Valdese Weavers

Other participants stressed what they do for their employees speaks a lot for their company, and provides for a strong retention rate.

“ ... paying really good wages, and health insurance, life insurance, disability insurance 401k with a matched plan. You know we feel we’re a really good company, we have strong retention of employees because of that.” -Tom Sega, Duluth Pack

“ ... the employees also has a responsibility. They have a responsibility to show up for work everyday. Show up on time everyday, show up ready to work everyday with a good attitude. If they do that part which should be pretty simple, we’ll supply the rest and we hear that from people over and over that wow, I never thought I had a chance with something like this and I really love what I do and I love working here, whether it’s a sewer, riveter, cutter.” - Tom Sega, Duluth Pack

**RO4: Characterize the ideal business practices for producing domestically.**

It was interesting to see all the different business models that companies were partaking in. Some initiatives were small and under the radar, while others affected the whole dynamic of the company. Valdese Weavers, just recently switched to an ESOP (Employee Stock Ownership Plan) company. It was a family owned company, but thought that would be the next best fit for the people within the community (Quote in RO3). When determining a business model, the benefit of the community and overall consumer is crucial.
Table 9. Business practices key terminology

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○ = Topic NOT mentioned  ● = Topic mentioned

This table shows the participants’ ideas towards what an ideal business model might look like to them in current day. This is based on the knowledge they have already gained from their own trial and error within the industry. Participants B (B=Duluth Pack) and J (J=TS Designs) both spoke on all four key terms/themes listed above. These two companies both have a stronger sense of consumer product knowledge. This is due to their business models of selling direct to the consumer, cutting out the retailer and allowing for more transparency of the business’ brand to the consumer. Both companies have a presence on social media, as well as working with larger names to spread the word of their company’s work. Although TS Designs still does contract work, they also are able to educate consumers through their own brand: Cotton of the Carolinas – “dirt to shirt.” Duluth Pack does not do contract work. However, they are allowing consumers to visit their facilities and tour the production floor. Not as many companies touched on the term/theme benefit. This was odd however became more clear as the interviews
progressed. Benefit seemed to not be about how to help better my employees or better my community, but rather an ingrained portion of every participants’ lifestyle/morals.

Cross training employees was another suggestion participants had. This re-emphasizes what Elroy Pierce was talking about in Objective 1 in regard to fast turn manufacturing and removing the sewing of one item all day. Being able to rotate employees and give them different task allows for a less robotic work force.

**Initial Plan**

Domestic manufacturing needs to be established early on in a business model. Molly Hemstreet makes a perfect statement about how once you steer away, it might be hard to ever come back.

“If you’ve filled your business plan with cheap labor it’s hard to leave that, sometimes it’s hard to leave that, and kind of re-swallow the domestic labor costs but if people can start that way, and they kind of start with that value I don’t see our current clients going overseas...” - Molly Hemstreet, Opportunity Threads

“...built into your business plan higher costing based on labor, because cost is labor, the cost is labor.” - Molly Hemstreet, Opportunity Threads

If domestic production is something you seek it needs to be established early on. However, do not feel like any plan you build is set in stone. Many of the participants of this research are prime examples of adapting to the times. If fact, many may have not survived if they did not do exactly that. Companies like Valdese Weavers, TS Designs, Duluth Pack, Interviewee A, and Interviewee B were all established well before NAFTA occurred. When they met a roadblock they learned to overcome it through small orders and mass customization. Companies have to be ready to change and adapt as soon as the industry shifts.
Versatile

Versatility was also talked about frequently. The word niche was a common term participants voiced throughout interviews. They stressed the importance that you need to find your niche in the market. Niche meaning, what whitespace are you going to fill? For example, another t-shirt cut and sew facility is not likely to survive, after hearing some of the responses and the idea that commodity items will probably never make a return to the States (Quote from RO2). Instead focus on something unique. David Brown at New South Manufactory talks directly about his trial and error process to find his company’s niche:

“Whatever your niche is, go for it. We tried to be all things to all people for awhile and it wasn’t working for us so we’ve kind of re-honed to try to find our niche. Home décor has become a good niche.” -David Brown, New South Manufactory

Being versatile with a company’s workforce as well as equipment can help companies compete with modern day prices from foreign competitors. Elroy Piece spoke on the idea of semi-automation, providing an equal amount of human effort and technology all under one roof.

“... there’s still a large skill set in the states, is diminishing very quickly so some of the companies that never thought about automating are going to have to look at semi-automation for it.” –Elroy Pierce, APaDS

Transparency

Transparency is key today in domestic manufacturing. It can be seen even from this research that 9 out of the 11 interviewees granted permission for their name, as well as their company name to be used. They do not have secrets and they are willing to help their neighbors. In the Carolina District, partners collaborate together rather than considering themselves competitors. Everyone realizes the key to survival in the industry is collaboration. They understand the textile and sewn goods industry is still a tight niche group of men and women.
Although, competition keeps the marketplace running, overall collaboration can help expand a company’s horizon.

Eric Henry at TS Designs has helped created Cotton of the Carolinas which is a perfect examples of full transparency within the apparel industry. The concept is:

“... 8 years ago we launched the brand Cotton of the Carolinas and the reason we did that is two-fold. First of all we grow a lot of great cotton in the Carolinas. Second of all we felt like that we addressed what we do the printing side of it and the dying side for environmental impact but where we’re printing the shirts made overseas, there were less and less available blank t-shirts that were made in the US cause, again, t-shirts, in the scheme of apparel, is at the very bottom of price... So we wanted to connect cotton back to jobs back to t-shirts ... Cotton of the Carolinas which is, we like to say, “we go dirt to shirt.” We go 600 miles, we impact 500 jobs but what I think is the coolest and most important thing due to the tracking thread that is in your inside sleeve of your shirt it has that contrast right there and has contrasting thread on the hem of your shirt. So we’re going to work on tying that. There is another website out there whereyourclothing.com so if you take those two colors and you put them into that website it brings up a map. From that map I want to introduce you to the farmer, the spinner, knitter, the finisher, the cut sew and his sons. I will give you a picture. I will give you a phone number. I will give you a physical address. Full transparency - what the apparel industry does not have.” -Eric Henry, TS Designs

Cotton of the Carolinas is a good business model to share with those who want to build (or reshore) a cut and sew business in the U.S. Potential businesses will need to realize it is a challenge to find American sourcers for their products. Potential businesses will need to explore American supply chains, but they will be pleased to discover that there still exists people and communities with the knowledge and experience to build a successful garment facility in the U.S. There are people and communities ready to help the newcomers.

Summary of Results

The role of people in the domestic production process was emphasized. This was displayed through not only the employees within the company, but the people throughout the supply chain.
I wish that more companies would educate people that when you buy American, you’re not just buying something from the company you’re buying from, you’re buying from a lot of other companies because other companies supply those companies with raw materials or whatever they need to...” –Tom Sega, Duluth Pack

Companies all recognized cost was a drawback and to compete with foreign competitors the price has to match, or you have to be willing to convince your consumers the product is worth the price. This can be accomplished through either education or story telling of the supply chain. The voice of the customer controls the markets, so matching their needs is crucial. The social aspect is key when working with a human workforce. These companies demonstrated some form of support not only for their employees, but their community as a whole.

The data throughout the supply chain related back to one another. Many of the participants had similar stories, as well as new creative ideas for doing business. The results showed both the positive and negative effects domestic manufacturing cause a company. The results displayed a mass sense of pride, perhaps patriotism, and overall care for community. The participants were well aware the industry has changed and is evolving every day and that they hope to change consumers’ outlook towards the industry.
Chapter 5: Conclusions, Recommendations, Limitations, and Future Research

Conclusion

The purpose of this study was to better understand the stories of domestic manufacturing that still take place on American soil within the apparel and sewn goods industry. The stories covered a variety of companies from throughout the supply chain. The research objectives of the study were as follows: RO1: Identify the benefits and drawbacks of domestic manufacturing. RO2: Determine what trade-offs, if any, it takes to produce domestically. RO3: Identify the corporate social responsibility in domestic manufacturing. RO4: Characterize the ideal business model for producing domestically. Eleven companies were studied. Seven were part of the Carolina Textile District.

**RO1: Identify the benefits and the drawbacks of domestic manufacturing.**

The themes that occurred were interesting to note from a marketing standpoint, due to two of the key terms being price and product. These are two of the four Ps of McCarthy’s Marketing Mix (McCarthy, 1996). This could persuade larger corporations to reshore some manufacturing just for publicity reasons. Interviewees are working to compete with overseas prices, without decreasing quality.

Efforts are currently being made by many American companies to return to the United States for the purpose of manufacturing their goods. Companies such as Gorilla Tape/Glue, Louisville Sluggers, and Marriott manufacture or use American made products. Participants mentioned the current political battle between 2016 Presidential candidate Hillary Clinton and Donald Trump has the nation on edge with talk of the Trans-Pacific Partnership and the need for more American jobs. Trump blames Bill Clinton for job loss in the 90’s due to NAFTA. Hillary Clinton points to Trump’s business empire working with mass imports. Regardless of which
candidate Americans decide to support, one common theme seems to emerge: America’s need for more domestic manufacturing. Politics were not asked within the questions, however were still mentioned several times by participants.

Interviewee B noted in the interview that you do not see commercials like you used to that stated, “Made in the USA.” This interviewee recalled the 1984 legislation that pushed for a ‘Made in USA’ labeling effort. Labels can help companies add different selling points to their products. A few of the popular label terms in the 21st century include: country of parts (COP), country of brand (COB), and country of design (COD) (Ha-Brookshire, J., & Yoon, S. H. 2012). Interviewee B said it all comes down to the education of the consumer because ultimately the consumer drives the market. The more the consumer knows the more they value the product they are purchasing. As stated early in Chapter 2, if every American spent an extra $3.33 on U.S. made goods every year that would create 10,000 new jobs annually (ABC News 2011).

Some of the major themes that occurred during the discussion of disadvantages were NAFTA, customers, labor, cost, and profit. Five participants brought up NAFTA and its effect on the industry during the 90’s, and did not speak favorably about the trade agreement’s aftermath. Some participants touched on politics and the issues that arise during an election season particularly mass uncertainty. Participants also spoke about how the vast majority of consumers still are not willing to pay more for American made goods. However, it is important to note that many interviewees also stated this might be due to a lack of education on the consumer's part. A lack of education about sourcing, labor, and overhead cost can contribute to the consumer not being interested in where the product was produced. Participants discussed cost and profit. This covered everything from providing employees with a living wage to not being able to compete on commodity items (t-shirts, socks, bed sheets, etc.). Participants stated that
they cannot always compete on price, but many times can come close to the same price as imports.

**RO2: Determine what trade-offs, if any, it takes to produce domestically.**

Participants had similar responses related to Research Objective 1 and Research Objective 2. Both were aimed at understanding the good and bad of domestic manufacturing, but research objective 2 was focused on determining how companies survive. Often when asked questions pertaining to objective two, participants simply elaborated on their answers related to research objective one. Participants discussed the trade-offs from the company’s point and the consumers’ point of view. Opportunity Threads was clear to state they did not feel as if they had to make trade-offs. This was due to the fact that domestic manufacturing was always their initial plan and they were not looking to change that. Opportunity Threads, New South Manufactory, and Mamie Ruth were all companies that planned on being domestic manufacturers. For Mamie Ruth domestic manufacturing was all they knew and that was the route they took!

Profit was discussed as a trade-off. This goes back to a disadvantages of domestic manufacturing (RO1). Some of the participants said they felt it was important to take care of their employees. Sometimes this meant taking a hit in a company’s overall profit. Other companies like Interviewee A spoke about taking a cut in their own salary just to provide for their employees. Duluth Pack talked about how overall pride in making American made goods outweighs the desire for vast company profit. They are proud to be domestic and proud of their heritage. TexDel spoke about their firsthand experience of sourcing domestic production and the decision to base the company’s cut and sew portion for pillows overseas. They would not have been able to stay within the budget for that project if they had done the work domestically.
However, with future products they plan to work stateside in order to guard their intellectual property (IP).

**RO3: Identify the corporate social responsibility in domestic manufacturing.**

After discussing the pros and cons of domestic manufacturing, the interviewees began to discuss corporate social responsibility. The motivation for this research objective was based on the literature that described the devastation left by offshoring in textile towns and communities (citation from chapter 2). Themes that erupted from this objective included the sense of family in the culture of a company. Valdese Weavers was an excellent example of a once owned family business that developed into an ESOP company for overall employee benefits. Most companies talked about establishing a fair workplace that employees not only would enjoy working at, but would be proud of their hard work and accomplishments. Workers are the foundation of these companies. Taking the labor into consideration is a huge component for encouraging and promoting domestic manufacturing.

“... ever since we had been in business our employees had been as far the most valuable assist. So we did everything we can do maximize their pay, their benefits within the scheme that the business can afford ... we had the components in place.” - Eric Henry, TS Designs

**RO4: Characterize the ideal business model for producing domestically.**

Just as workers were an important theme in RO3, it also was an important theme in RO4. Additional themes in RO4 included the customer, a niche market and profits. The companies discussed the importance of discovering a company’s niche within the market. For some, like New South Manufactory, that was home furnishing. For others, like Valdese Weavers, that was mass customized jacquard weaves.
Another recommendation was to educate the customers. At the end of the day, consumers are the final destination for the product. They call the shots and persuade the brands/retailers. Although finding a niche is important, it also important to be versatile. That is one of the main reasons some of the participants’ companies are still around after 30+ years. When participants lost large clients, they survived by finding other types of work that new clients needed to have done. TS Designs was a perfect example of switching their business model to fit with the times. Today, Eric Henry is not only running his own business but is helping to establish other great initiatives, like the “dirt to shirt” Cotton of the Carolinas which provides 100% full transparency of the supply chain.

Of all that was discovered in this study, the most reassuring piece of information gathered was the continual support of fellow businesses striving to survive and thrive in the U.S. Each individual interviewed expressed commitment to American made garments and commitment to sharing information and supporting other American cut and sew facilities. Many interviewed expressed the importance of building a community within the industry and also building community within the area in which they operated. The value of human resources was foremost in the thought process of the individuals interviewed.

**Recommendations**

**Develop a Business Model Based on Best Practices**

As discussed in RO4, following the advice of the participants from this research can help newcomers to the industry build their business. This can be accomplished through learning from the participants’ successes and failures. Establish early on the cost for labor. Participants pointed out that an investment in the workforce is key to a company’s future. If success is an important
goal for you, you will need to see labor cost as an investment towards the overall company’s future.

Create a sense of community for your employees. Perhaps established an employee owned business where each employee feels invested in the company and the product. Happy employees will help your financial bottom line. They will also set positive examples for future employees.

Find a niche in the market but be prepared for change because the only thing constant in life is change. Also, be prepared to have many customers rather than just one big customer. For example, rather than working with a corporate giant like Nike, be prepared to work for 50 small customers.

**Educate Consumers**

Education is also crucial from brand to consumer. Consumers need to realize the dedication and hard work that goes into a product. Initiatives like Duluth Pack allowing employees to sign the bags is a perfect example of showing the consumer who’s behind the sewing machine. Today, 21st century consumers adore things like the farm to table movement and local craft beer. These are both early leaders of what could help the textile and sewn goods industry thrive on American soil. A story must be told with every product. Nester Hosiery created Farm to Feet - all-American recipe socks. Farm to Feet tells the story from the sheep’s wool to the final product on your feet. Creating opportunities for consumers to understand and appreciate how products are produced also creates a sense of pride among the employees of the company.

Pride of ‘Made in America’ products can begin in school. Presently, from a very young age, students are kept on a very tight and narrow path, focusing daily on everything from math
and science, to English and history. When students reach high school, they are pushed to excel and aim towards as many dual credit classes and advance placement courses as possible. What is lacking in schools today is a strong emphasis on Career and Technical Education. Whether you are college bound or not, teaching the appreciation for hard work and manual labor in school is something to be cherished. Providing students with a better opportunity to learn a technical skill would greatly benefit American manufacturing.

“... it’s great to have a college education, I don’t have anything against it, but it’s not for everyone.” -Interviewee B

Transparency

Allow for transparency within the supply chain. The more transparency, the more consumers will be able to educate themselves on the inner workings of the industry. Transparency also allows for more collaboration. It was learned early on in the research that the textile and sewn goods industry is a tight group of individuals. Attending one of SEAMS networking events showed that to be true. Companies and individuals were willing to collaborate and grow stronger together. Companies mentioned having more transparency throughout the supply chain to foster a deeper appreciation for American made products.

Limitations of Research

Human Error and Subjectivity Analysis

Overall, the insight from this research was inspiring and informative. However, there is always a chance for human error. This can occur in many different steps of the research from the possibility of asking leading questions, transcription errors, and bias mannerisms when decoding text.
Sample Size

Although these interviews did cover a wide range of the supply chain, the sample size was small. Due to budget constraints the interviews only took place within the Southeast. With more time and a larger budget, a study of the West coast portion of the supply chain could be done. This would then allow for comparisons of many different groups based on things such as location and cost of living.

Timing

The timing of this research was also a limitation. The interviews were held during the summer season and were wrapped up before the early fall. More time would have allowed for a larger sample size, as well as comparing the participants’ work schedules during different seasons throughout the year.

Future Research

Future studies would be able to take this research to the next level. Although different parts of the supply chain were looked at, a large focus was placed on cut and sew facilities. The future studies would need to be more immersed within the different parts of the supply chain and take an aim towards either the textile industry as a whole or the apparel/garment industry. There are many different routes that could be taken including studying medium to larger size companies rather than small businesses. There is much to be learned from the stories of those companies who are just surviving, as well as from those companies who are thriving. These could also be directed in a route of companies who moved offshore and their future plans of reshoring (if and when).
Define American Made

Although a company may have multiple parts of the supply chain working together, lines begin to cross and details become overlooked. A company may state they are Made in the USA but their sourcing for their materials may be from elsewhere. Many of the participants admitted that even though they are manufacturing their products in America they can not promise all of their materials follow those guidelines as well. What does Made in America really mean? A future study could show how study participants source their materials and what capabilities could make it easier for them to find more American made materials.

Consumer Impact

One option for future research could include taking the evidence from this research and combining it with consumers’ perspectives on domestic made products to form a complete picture. It would be interesting to study a consumer's reaction to touring some of the facilities within the study and talking to some of the owners/operators. What were their opinions before the facility tours? Have they changed after the tours? This could help provide insight as to how we can inform consumers through possible marketing exhibitions.

Test Production

Another option for future research would be to actually commit to opening a facility. This would be studied from the development of a business plan to the client intake. Learning how the business functions by actually partaking in the business. This would help develop a cost outline for how much goes into setting up domestic production. This would be extremely beneficial for companies looking to reshore. A cost/budget outline would be a great guideline for those companies to follow.
Community Participation

This would relate to the consumer impact. Companies could host day long events where people came into the facilities and worked for a day. The consumer attitudes and knowledge could be studied before and after the day of work. This might be a nice idea to test with younger ages anywhere from middle (12 years of age) to high school (18 years of age). This would be an ideal study if merged with school curriculum, perhaps as a training program.

Coast to Coast Study

This study has been an excellent demonstration of what is happening within the Southeast. However, this type of study could make a great impact if completed across the United States. This would open up the opportunity to compare regions and demographics. A study of this size would take mass collaboration and participation between multiple academic institutions. Another interesting route would be to compare the industry to the increase of minimum wage in China. Will China lose their share of textiles and sewn goods?

Continuing this research has endless possibilities. There are multiple men and women partaking in domestic manufacturing across the country. Each person has their own unique story, entailed with their own strengths and weaknesses. Together they create a community of dedicated individuals with the knowledge and passion for domestic production.
REFERENCES


Trejos, N. (2016, March 10). Marriott: All towels at U.S. hotels will be made in USA. USA Today.

Appendix A

[Box: Interview Questions]

[Box: Action Sports Systems Inc. – Morganton, NC]

Interviewee A – Owner

- To get started, could you please give me some information about how Action Sports got its start?
  - Since 1981 (about 35 years)
- Could you summarize how you got to where you are today?
  - Background
  - Only uniforms?
- Who are your typical clients?
  - Small business – Large corporations (local sports teams vs. large)
- What is Action Sports' role in domestic manufacturing?
  - Have your clients worked overseas before; are they new to the industry; have they worked with other domestic cut and sew facilities?
  - How do you encourage your clients to work domestic? Any incentives?
  - Source NC fabrics to use? Where from?
- Does Action Sports have a “defined” corporate social responsibility?
  - i.e. Economic development
- What are your typical turn around times?
  - i.e. “You create, we make, in just 3 weeks”
- In your opinion, do you feel that partaking in domestic manufacturing gives companies a competitive advantage over those who are not producing their products on American soil?
  - Explain why
  - What competitive advantage do you feel working with Action Sports gives clients? If any?
- Do you feel that domestic manufacturing is coming back within the apparel and textile industry?
  - Why or why not?
  - Can you name some of the big companies you know of (apparel/textile)?
  - Are you partnering with any of these companies? How so?
- What do you think has NOT proven to be beneficial for domestic manufacturing?
- What trade-offs do you feel have to be taken in order for a company to domestically manufacture products? If any?
  - For example, less advertising, or no brick and mortar, strictly e-commerce
- Would you say that you are optimistic about future American manufacturing of the apparel industry?
  - Why or why not?
  - Where do you think the industry is headed in the next 5 to 10 years?
  - Any trends that you have seen during your experience within the industry?
• Who do you feel are some of your competitors? If any?
  ○ What are your strengths and weaknesses compared to theirs?
  ○ Overseas or Domestic
• What are your opinions on consumers and their awareness/knowledge on domestic manufacturing?
  ○ How can we get them to pay a higher price and make them more informed?
  ○ Do they care?
• Are you working with any overseas brands/clients?
• With your experience in the industry, what do you think has been some of the biggest downfalls, and greatest achievements for domestic sewn goods?
  ○ 35+ years, have you had to adapt?
  ○ Was it a scary time to open manufacturing (1981), everything was overseas?
• How did you get started with the Carolina Textile District?
• Last Question: What would you say to someone who wants to open a cut and sew factory (or work in the sewn goods industry) to create more American manufacturing for the apparel and textile industry
  ○ What to do and not to do
  ○ Words of Advice

Finish with a thank you and ask if there is anything else they would like to state for the recording.
Appendix B

Apparel Prototyping & Design Solutions (APaDS) - Darlene Martin and Elroy Pierce

Researcher: To get started, I did a little bit of research and I saw about the Alberry Foundation and your collaboration with it. I was wondering if you could give me the summary of how APaDS got to where it is today and maybe a little bit about your background at the same time. I saw that you had 28 years of experience in the field so maybe talk about how you got to where you are today.

Darlene Martin: APaDS started May 2014 after the group of us had been working together at Clemson Apparel Research which was part of Clemson University. They announced that they were closing that department July of 2014. We knew it was going to close so we went ahead and formed APaDS and I actually started working there and was in that office just myself and a seamstress until Charlotte and Elroy and the other ladies that sew came in October because they made the announcement in July and then the end of September it closed and the reason it closed is when they did away with the textiles program at Clemson they started eliminating programs that didn’t have anything to do with education. So they closed that department. We basically because of the demand for the services that we offered and the clients that we had worked with over the past 18 months prior to that closing it was like 120 clients that we had worked with in an 18 month period and we enjoyed working with clients and helping them get their product off the ground and we just decided we were going to try it on our own and open APaDS and see how it goes. So far, we’ve been blessed and it’s going very well and we stay extremely, extremely busy.

As far as my background and how I got started, when I was 19, early 20s I went to work at the local, they called it the blouse plant in the little town that I lived. In high school, I had took Home Ec and after leaving that I just had just had an interest in sewing and I just kept sewing so I got a job there working in the samples department sewing prototype samples and the lady over that department came and asked me if I wanted to learn how to make patterns so she taught me and of course I learned to make patterns by hand on the tag board draping the fabric on the mannequin and back then it was for lady’s garments they did some stuff for Victoria Secret’s catalog, Sears, Coldwater Creek. Those were some of the main ones that they did work for and anyway as the years went on and the CAD programs came out and they started to be more the way to go if you were going to continue in that so I went to Atlanta and took classes to learn to do the digitizing and grading.

Researcher: Was it through a school?

Darlene Martin: It was through the Lectra I went to their classes for two weeks and learned that then later went back and learned the pattern making on the system but that was the first part of it and then from that company I went to work at Gerber’s Children’s Wear and I worked there for about 7 years and when I was there the lady that I had worked with prior to going to Gerber she called and asked if I wanted to come to work at Clemson so I went there so I was there for about
8 years and then whenever they closed and we came here and the years prior to that was when I was with the other company and it was called Third Generation. So after going to Clemson all of my pattern making things that we did was just a wide range of products. When I was at Third Generation it was primarily lady’s apparel, at Gerber Childrenswear it was children’s wear the bedding, the sleep wear, the play wear, anything the children’s garments. At Clemson you may be working on a garment one day and then the next day you may be working on a glove or something that’s not apparel but most all of them like some product anything that was a sewn product and we just work with entrepreneurs, startup companies, we did a lot of military work. WE had our security clearances to work on classified projects and we did work on the outer tactical vests that soldiers wear in Iraq. We were like the keepers of that pattern anytime they had a solicitation to get those vests made and they would need to send it out to a different manufacturer, we would get ready and if anything needed to change on a pattern we would do that and stuff so there was just a wide range of work. We did made to measure stuff. I don’t know if you are familiar with the Future Farmers of America?

Researcher: Yea, yea, yea. We had FFA.

Darlene Martin: We actually still do this for this company. There was a software program written for them that they can they offer to their customers the company’s universal lettering. That’s who sews the FFA jackets. The offer to their customers made to measure jackets and a lot of them are for the students or the ROTC that can’t fit into a standard sized jacket and then all of the officers get made to measure jackets but then what they do is they send their orders through APaDS electronically they always this kind of runs in the background they send the measurements in. The program will select a size in that pattern as closest to the measurements that they sent in. It will alter that pattern then send them back a cut file in a matter of like two or three minutes and then it goes back to them in Bandworth, Ohio and they do the cutting and sewing.

Researcher: They do that in Ohio?

Darlene Martin: What where they do the cut and sew. We just process all their made to measure orders so that’s another service that we offer as setting up garments for made to measure and we’ve actually had two in the last couple of months, two new people that have came to us to work with them to do made to measure. One of them is made to measure and the other, I think, is some kind of men’s suits or I’m not sure what it is. It hasn’t got to my cart yet. So that’s in a nutshell how we got started.

Researcher: Do you still have, does APaDS have military contracts?

Darlene Martin: Uh, not so many not really military contracts but of the contracts that we had with those clients that we did the testing garments for and some of that is for the end use is military but we don’t as far as like. I guess the military contracts through those the [inaudible] Or those companies they contract through them to get the work done but not directly but indirectly we do, we still do the military.
Researcher: Okay, that kind of leads up to my next question of who are your typical clients? Are they small businesses or do you have large corporations because FFA, that’s sounds like a pretty big one.

Darlene Martin: Yea, yea, that’s a pretty big one and it’s probably I’m going to say it is probably a larger percentage of smaller companies than large but we do have the large ones and they’re repeat that we do the business for them on an ongoing basis so some of them may be quarterly that we do stuff for as far as the big companies and that’s primarily the sewing part of it. The majority of my work and the pattern work, the majority of that would be smaller companies.

Researcher: Do you know off the top of your head how many clients you all have right now?

Darlene Martin: We probably have over a 100, probably close to 150.

Researcher: So, lots!

Darlene Martin: Yea, lots. It seems like sometimes they all hit at the same time.

Researcher: Yea, when the season comes around.

Darlene Martin: Yea, you don’t hear from some for about three months or something and then it's like being bombarded.

Researcher: Does APaDS have a role or what is APaDS role in domestic manufacturing?

Darlene Martin: Our role is more geared toward helping these startup companies, helping them to find a domestic manufacturer. So, like I told you, we don’t really do the production and manufacturing but once we get them through the product development part and do the samples and small size run or we may do 15, 20, maybe even 50 garments for them then we help to place them with a manufacturer.

Researcher: So you do encourage them to work domestically?

Darlene Martin: Yes.

Researcher: Do you guys do anything with if a client came in and said well I think I can make this cheaper in Asia would you be able to help them with that?

Darlene Martin: We don’t really have, we have a couple of people that contract with us that are sourcing people they will help them source a manufacturer overseas but as far as in house and having those contacts we don’t and we really don’t want to be in that because we want to keep them domestic if we can.

Researcher: But you do have a good list of contacts when they say I need a cut and sew factory and you can show them a list.

Darlene Martin: Yea, we do.
Researcher: Does APaDS have a defined corporate social responsibility, so something like economic development in the area?

Darlene Martin: No, not really. In South Carolina, the textiles and like the economic development to help with textiles is not real big like it is in North Carolina so we we’re kind of. I think we’re trying to be that place that people can come to get that kind of help in that direction but no, we don’t have that.

Researcher: Yea, you’re right, North Carolina does get a lot of attention for that but it is kind of the border line of North Carolina, South Carolina. So how long does it usually take to have a sample turned back around to your clients from the pattern stage to the actual sample making? I guess if they’re doing the full process because sometimes, right, they might just be doing pattern work.

Darlene Martin: Yes. If they’re doing the full process they come in with their design and the pattern, of course, it’s going to depend on the scheduling and workload and currently I have been working four to six weeks out for about a year so I tell people most of the time it’s going to be six weeks before I can even get to their pattern. Typically, once the pattern is make, they can get a prototype turned around within a week, two weeks max, typically.

Researcher: So, it probably would be better if your client has a pattern already for, if they’re trying to get a sample out.

Darlene Martin: Yea, if they’re trying to get it out faster the biggest part is though even if they do bring their own pattern, it’s still got to come through me because when you’re cutting even though we primarily do samples and stuff instead of production, when its going out there on the floor to be sewn, they want it to be, they want a marker to be made, they don’t want a paper pattern, they want it to be like it’s production, it’s still got to go through me whether the patterns going to be made or if it's gonna be digitized and put into the system.

Researcher: Would you say that probably is still six weeks if somebody has a paper pattern or is that a little bit less?

Darlene Martin: That may be a little bit less. That may be four weeks but it's just a matter of I have somebody who can digitize for me but as far as getting the pattern really ready for them to sew it going through it and checking to make sure it sews together correctly and everything is correct then.

Researcher: In your opinion, do you feel that partaking in domestic manufacturing gives a company a competitive advantage?

Darlene Martin: Yes.

Researcher: Why do you feel that way?

Darlene Martin: I think if they are producing domestically, in most cases, they can it’s that communication you’re able to communication with them easier than overseas and that face-to-face. People like being able to come. There’s many of my clients that I never meet but they do
have the opportunity to come if they want to but it’s just that open line of communication of jumping on the phone you’re in the same (within an hour or two) the same time zone whereas if you are in another country it may be when you’re sleeping they’re working. I’ve had to communicate with some factories in China before and I had to do the phone calls at 10 and 11 o’clock at night. Just the communication and I think they feel more like they’re getting that personalized attention, one on one service that you can’t necessarily get because with a lot of them when you do go overseas you actually dealing with a broker. You’re not dealing with a manufacturer. You have somebody then, from what some people have told me, that’s the better way to go because that persons over there, that person knows the ins and outs, they go into those factories so they’re the one talking for you if you go over there.

Researcher: What would be your encouragement to a client, because I know sometimes people feel like well I can get a sample faster if I send it to Asia then I could if I send it to my next door neighbor. So what would you say to encourage someone, I guess, or how can you change their mindset on that?

Darlene Martin: Well, we tell them if they are really considering going overseas to have some kind of agreement, some kind of contract, that if they decide to move their manufacturing somewhere else or if they decide that isn’t working out that they are able to get their pattern when they are finished that they can bring it back with them or take it wherever they want to take it. Reality, they’re probably not going to get that kind of agreement and then

Researcher: Is that very common that they would just keep the pattern?

Darlene Martin: Right, yea, that’s very common. Most of them do not get I mean they will and we ran into this when I worked at [inaudible] we would when I first went to work there we had they owned their own factory in, I think it was the Dominican Republic so they had that control but when they started sending that stuff to China we would put together the tech pack, the complete sourcing tech pack, in our department we would put in the pattern, the specs, the sample. The art department would put everything pertaining, you know the embroidery file thread colors, everything would be in there and no reason at all that the garment should not come back and look like it did the sample. Well we would get samples back and the yoke wouldn’t even be in the same right place the pocket may be in a wrong place so that would be another thing that we recommend to people.

Researcher: Yeah, it's amazing that happens. I worked for Cato in Charlotte and I did the technical illustrations and it's like you have to be very specific even on the small details but they still come back and hope that’s actually not what we meant.

Darlene Martin: A perfect example is this girl she was in here earlier and she’s having her stuff done overseas and she’s local and they’re in Greenville and she came to me a couple of months ago to get me to write specs, the measurement specs for all of her garments because they would send them back and they wouldn’t match what they had sent over there like samples they sent they weren’t making them right.
Researcher: Do you think that domestic manufacturing is coming back within the states for apparel and textiles?

Darlene Martin: I do.

Researcher: What do you think, who could you name that are some of the big companies for that? Are there any that pop out in your head?

Darlene Martin: We’ve actually done some work for Reese Witherspoon’s company. When they started their company they didn’t have anything that they were selling yet whenever they found us and Reese’s goal was to have everything made in the United States and primarily she wanted it made in the south because she has roots in Nashville and she’s in the south and so we’ve done quite a bit of her patterns and we would do her prototype samples we would do photoshoot samples for her for a lot of her garments. There’s some things that she offers like sweaters, she does other things than apparel like purses and shoes. But the shoes I think are somebody else’s shoes but they put on there so and so exclusively for the designer. A lot of that stuff she’s having a problem finding a source in the United States so there is just some things that it's really difficult to almost impossible to find a source in the United States but I know that she was there’s a company in Georgia that was sewing her denim like her jeans and her denim jacket and she got some stuff done in a factory in Virginia and one in North Carolina so she was real big so that’s probably the biggest client.

Researcher: I’ll have to look into that. I didn’t never even knew she had a collection.

Darlene Martin: Yea, that’s her company – Draper James. Draper is her grandmother’s maiden name. James is her grandfather’s name and she opened her first store in Nashville back in September I think. And there’s a girl, her company is called she has a website it’s Michelle Parisou. She was having all her things done I think in Italy and she came to us about a year ago and just the cost of having the fabric sent there, the time of waiting on her goods to come back in and just her trips of going there she said it’s so expensive but she’s a perfect example of that of she could not get her patterns so we’ve had to develop all her patterns for her. It’s like the first go around we did like 30 patterns for her and she has just brought more for us to do. I’m not sure if this is public knowledge or not, I’m not sure if you’ve aware of a company called Oobe. They’re actually here in Greenville and they were having everything made overseas and they have contacted us we’ve actually did a pattern for them for a man’s shirt we and made a sample here and he wants to start bringing some of his stuff back here. Obee's a big company they started with t-shirts they were Clemson grads, two guys, then they started doing uniforms like for Chick-fil-A and a lot of those. Chick-fil-A really got them off the ground. They’re a big company.

Researcher: Have you helped any of these people find their sourcing for production?

Darlene Martin: We have, yes. Oobe, I’m not sure the route that they’re going. They’re actually talking with Elroy about looking in their own facility just to do like kind of tailored kind of specialized items. Draper James almost every factory that she went to that they contacted here in the southeast, we referred them. And there was another one, the little small company that does
baby bibs and baby sleepers and that sort of things she was having her stuff made overseas and we gave her leads, some people to go to so

Researcher: Definitely helping out. What’s not proven beneficial or would you say anything for domestic manufacturing?.

Darlene Martin: Of course, the pricing is going to be the biggest thing and that’s what sends people overseas is the cost per garment and anything like t-shirts, any like commodity like t-shirts, boxers, things that are just made is such a bulk, you’ll never be able to have that produced in the states and compete with the prices even the cost of getting it shipped back over here because the labor time and the sewing time in those is so little and the wages here, you just wouldn’t be able to make out.

Researcher: Kind of skipping to the back window on that question, in your opinion what do you think can get consumers more aware of domestic production and kind of making them want to spend a little bit more money on these products like you are saying because it is due to cost.

Darlene Martin: I think a lot of it is quality of the garment and there again that person lies one on one being able to communicate face-to-face with the manufacture and actually go to the facility. I think that is you know it’s not really surprising anymore, it use to be because back when I first started working at Clemson it use to be surprising to me that everybody wanted their stuff made in the states because it was almost cheaper than to have it made overseas but now, you know, with the taxes and the fees, and the shipping cost and just the time it doesn’t surprise me now because just about everybody all new clients that we meet with their goal is I want to have this made in the states and if possible I want my fabric to come from here. I think it’s just a big pull of the United States trying to okay, if we’re going to take this manufacturing back, it’s like we gave it away and it all went away, and they want to bring it back and put the people back to work in the states.

Researcher: Yea, I think that kind of an important factor showing not only having one-on-one time with the client but getting that message over to your buyer and saying hey this has a story of working with the community. So I know that you said you have a resource of cut and sew factories that are domestic and you do provide those to your clients, I guess that kind of answers my question, when working on garment costing is it based on domestic or overseas production?

Darlene Martin: Yea, domestic.

Researcher: If somebody did say they wanted to do something in Asia do you cost for that, or how does that work?

Darlene Martin: I don’t think Elroy has a costing like the numbers and that may be something that we can ask him.

Researcher: Yea, I wasn’t sure if it was maybe like set [inaudible]

Darlene Martin: There is a rate like standard allowed minutes and like which every the standard allowed minutes is you know how long I think there’s a we’ll probably need to ask him I don’t want to tell you something that’s not right. For every manufacturer that rate that they apply to
those minutes is going to be different and that just depends on what their overhead is and what their base rate is, if they have to provide insurance, if they, their considering their overall cost of what it takes to operate but what Elroy provides whenever he does costing for people it will give them a good general idea if they take the garment to the manufacturer in the states and if they give them if they tell them if Elroy says it's going to take six minutes to make that garment and if that manufacturer comes back and says it's going to take twelve then they're kind of out of the ballpark you know they're trying to they may be giving them a low price per minute but they're jacking the minutes up to make up for that. Does that make sense?

Researcher: Yea, yea.

Darlene Martin: But I know he can explain it better.

Researcher: What trade offs do you feel have taken in order for a company to domestically manufacture their products?

Darlene Martin: Let’s let Elroy answer that one.

Researcher: Okay, that sounds good. Okay, we'll skip that one. Who do you feel some of your competitors are because I mean I'm new to researching all this so I haven’t seen anything else like what you all do I mean I’ve seen lots of cut and sew but not someone who’s willing to walk you through the process and kind of help you like you were saying kind of get off your feet and kind of entrepreneur.

Darlene Martin: Honestly, there’s not a lot of us out there. There’s an individual, there’s another pattern maker that worked with us at Clemson that she was actually going to come on board with us but she decided to just work from home. I guess, in a sense, she would be a competitor whereas just in the pattern making she doesn’t provide prototypes, she can’t plot markers, you know, she can provide made to measure grading on patterns she can apply that to them but as far as the overall the whole nutshell she doesn’t compete with us.

Researcher: Did you say she doesn’t do samples?

Darlene Martin: She doesn’t do samples either. Most the time if she has samples that need to be done she send it us.

Researcher: That’s good that you still work together.

Darlene Martin: You know back years and years ago it was kind of a cut throat kind of business

Researcher: Yea, that’s what I keep hearing.

Darlene Martin: Nobody shared information. Nobody would tell like I’m not telling where I get my garments made or I’m not telling who makes my patterns and I know there’s still some of that because they don’t want to feel like okay if I tell them and they go to that manufacturer then that’s going to take some of my sewing time or same with a pattern maker you know but there’s now more of especially being in connection with Sara at the Carolina Textile District that’s just a group of manufacturers, pattern makers, printers, you know just different people
Researcher: All about collaboration

Darlene Martin: Yea, that we’re all trying to work together to help each other and I think that’s more common now.

Researcher: How did Apeds find out about the Carolina District? Did they reach out to you?

Darlene Martin: Yea, they actually found me. Actually one of my clients that I had at Clemson sent I did patterns for her and Molly at Opportunity Threads was doing her manufacturing and when they started the Carolina Textile District and they needed to have a pattern maker as a partner, Molly recommended me. She said Darlene had sent patterns and her patterns were really good and we didn’t have any problems and she can do electronic patterns so they found me and they send me a lot of work. And, in turn, I send a lot. Molly keeps me busy and I keep her busy.

Researcher: That’s the nice thing about collaboration, you can both get clients. So I read on the website about you can work with countries outside the United States. Do you have clients currently that are outside the United States?

Darlene Martin: I can’t remember what Elroy said about that earlier. We’ll ask Elroy about that one.

Researcher: Okay. Yea, because I was just going to see wonder why they are doing that maybe because they are selling in the US more. Then I’ll ask your opinion on the last question too, what would you say to someone who wanted to open cut and sew and kind of bring back domestic American manufacturing for the apparel and textile industry? What would you say the dos and don’ts are and any words of advice?

Darlene Martin: Well, there’s this one thing that Elroy and I were talking about this morning making sure that you had the workforce in your area, the expertise of being able to fill those jobs

Researcher: That’s just kind of a good thing about those small towns of North Carolina and South Carolina because it was once here and now it’s gone. Maybe it can now come back.

Darlene Martin: Because there’s so many I mean it’s hard to find experienced sewing machine operators now. You know all of them have retired because it’s like that period where everything went overseas and all those factories shut down that period there that nobody was learning to sew, nobody wanted to sew

Researcher: Yea, it’s definitely our generation that has a lack of technical skills, yea. We’re taught to go to college and do that so.

Darlene Martin: Sunny, the lady that’s our main seamstress, she’s, I guess Sunny’s around 60 and so everybody is retired or the lady that works part-time, she’s already retired but she wants something to do. She doesn’t like sitting at home.

Researcher: Did she retire from the textile industry?
Darlene Martin: I’m not sure. Then we had another lady that was, she was 72 years old that works for us and she would still, like now, if we have work or, you know, needed her to come in for something, she would still come in. She is retired but she likes working, she likes sewing. I would say if you are going to open one to be versatile, to do several different products. It use to be if someone was manufacturing, there would be a shirt plant. Then there would be a plant that made pants. Or this factory may make knit garments. I think Opportunity Threads is the most versatile manufacturer that I’ve been around because Molly will make just about anything.

Researcher: Yea, I went and visited her in her old facility. I haven’t seen her new facility, I heard she moved and she was showing me dog things and cook things.

Darlene Martin: Yea, she’ll make anything and that’s what helps her. She continues to grow. There’s a factory in Aiken, SC and the man’s dad started the factory – it’s called Aiken Industries – and he was primarily making pants. Lots of times now he doesn’t have enough work for his people and he has lost so many people because of not keeping them busy. We were talking to him at the TexProcess Show.

Researcher: Oh yeah, I was there.

Darlene Martin: Oh, were you? We were talking to him because one of my plants uses him for their manufacturing. He makes TV covers for them so he had to “get out of the box” and start doing some other things and that is what he was talking to us about. He said he had to get out of his comfort zone and learn to do other things. So I think making sure the work force is there and making sure that you can be versatile to do many different products.

Researcher: That was my last question. Do you have anything you want to add?

Darlene Martin: I can’t think of anything at the moment.

END OF INTERVIEW

Interview with Elroy Pierce

Elroy Pierce: Lisa approached us at Clemson Apparel after her husband passed away. He did a tour in Vietnam and was exposed to Agent Orange and died of brain cancer. While he was in the hospital they had a hard time dressing him so one of his last wishes was for her to help develop some module apparel to make it easier for them to clothe the soldiers while they were have all this done to them plus it be something they can wear out in public. So she approached us and Darlene made the patterns at the time for her or worked with her to make the patterns and we would make the production garments for her. I say production garments – it may be 10 or 15 garments so it really wasn’t production. But what she would do is go out and do fundraisers in DC or the states where there were wounded warriors and she would raise funds to buy the fabrics and pays us to make the garments. And then should would take them after we made them and individually wrap them in gift boxes and take to the warriors at either Walter Reed or Bethesda. She also sent 300 or 600 to Germany because all the soldiers that were going through Iraq and Afghanistan, when they were wounded had to go through the hospital in Germany first so she
talked them into doing that. Since then she has been instrumental with us. Her role with us is basically with the software with the pattern making stuff. This actually belongs to her. We did a thing with Gerber to where the software goes through the [inaudible] Foundation rather than going through APaDS. They treat her just as they do a higher ed. [inaudible] if you don’t mind getting that out.

When I was at Clemson, the equipment was gifted to me. When I left Clemson rather than them giving it to Clemson University. Some of it was developmental equipment, one of a kind pieces and if Clemson had had it because it was state property they would have had to auction it off and who knows where some of that technology would have went. So I talked them into giving it to me. They wrote letters and gave it to me and I’ve still got a bunch of it in storage because it’s one of a kind pieces of equipment developed for the apparel industry back when all of the companies were invested in automation in the late 80s and early 90s. So all of the equipment you see out there on the floor was at Clemson except for two or three pieces that we’ve had to purchase since then.

Researcher: I’m at NC State and my residency is in South Carolina and so when I started looking for a master’s program, my undergrad was in design so I did pattern, sewing, but I wanted to do more of like the marketing, I guess the business side, so I started looking master’s program and I thought Clemson. Everyone said textiles are down there and then I found out they got rid of it so I got to go out of state. I went to NC State and met with [inaudible]

Researcher: What trade-offs do you feel that companies have to take to be domestically producing apparel and textile goods?

Elroy Pierce: I don’t know what I would say is a good trade off but unless you are talking about the quantities of production. Unless you are doing military contracts now you are never going to have the large quantities that people use to produce. The company I use to work with, we cut 130,000 dozen shirts a week. You’re never going to do that in the states again. If it’s a comity item back then it was the white Stafford shirt that JC Penney sold millions of, those things will never be made in the states again. If it's what you consider a comity item, then it’s going to be made somewhere else. The skill set, there’s still a large skill set in the states, is diminishing very quickly so some of the companies that never thought about automating are going to have to look at semi-automation for it. The smaller quantities is probably the biggest trade off. They’re going to have to learn how to produce smaller quantities on a faster turn time than what they did when they doing [inaudible] production and just sewing the same thing over and over for years. That scares a lot of companies because it’s out of their comfort zone but there’s a way you can do it and a way you can be profitable with it.

Researcher: Would you say you are optimistic about the future of American manufacturing for the apparels?

Elroy Pierce: I am very optimistic as this time. This actually a very fun time to be in this industry. Much better than it was the past 15, 20 years when everybody was leaving. There was nobody talking about coming back. No interest what so ever in coming back. Now everybody is investigating it. If they’re not producing a little in the States they’re investigating producing a little bit in the states. I think everybody will be doing probably a portion of it just because a few is doing a portion of it, they’re going to follow suit to get the same publicity. High end fashion
items where the scene changes very quickly needs to be produced closer to home. The wages over there are going up. There’s starting to be a middle class in China. China manufacturing is already starting to look to Vietnam and somewhere else to move their manufacturing. They’re chasing the cheap labor.

Researcher: Where would you say the industry is headed in the next 5 to 10 years?

Elroy Pierce: I think it will grow some. It will never be what it was in the sixties and seventies. The main thing challenges I think the apparel industries have right now is bringing new and young people into the industry. It’s not an attractive job for someone to sit behind a sewing machine and sew all day. The fast turn manufacturing removes that sewing the same thing all day. It allows them to sew different things and do different things throughout the day.

Researcher: That’s what I saw at TexProcess. I liked the setup that they had where you were standing and working with three things.

Elroy Pierce: You probably saw the Toyota Sewing System, is what is was – TSS. And that is “bump back” in its truest form. There is nothing else faster than that process. That process is great. There are other processes that are great. You’ve probably seen the Econ System or overhead system where they was putting the stuff through and it has its place in industry. When I was at Clemson, Sonny and I did a project in Sananna, California with a parachute manufacture, and we recommended they purchase an Acon System and they had to come in and put nets underneath them because it was a 30 foot ceiling and sometimes the stuff would fall down but their production increased by about 48%. Everything has its place. At Clemson, we didn’t demonstrate the TSS. We attempted to but it didn’t work out for us because we were set up as a demo center to demo automatic equipment. You put automatic equipment in there where you produce 2,500 pockets in an 8 hour shift and the most garments you are getting out is only 300. It’s just not feasible. The ROI on that piece of equipment is not… the semi-automation to where you automating bar tackers, folders, little bitty things – that’s the stuff these companies is going to have to get into doing. And then figuring out a way to bring young people into industry.

Researcher: How many years have you been in the industry?

Elroy Pierce: I got into the industry in 1976 so 40 years.

Researcher: What trends have you seen recently in the textile industry and apparel industry?

Elroy Pierce: If somebody is producing in China and they weren’t producing like a larger retailer (hundreds of thousands of things) the quantities have gone up or the minimums have gone up from there. The prices went up and the investment the companies have to put up front may be equal to or larger to what they have to put up in the states to go back to the smaller quantities. The price point is getting more even as far as the competition. I sit on the board of Software Automation at Georgia Tech to where they line up a company to do some automation, so robotics, and [inaudible] system. The professors came to me and they say you know we can track data in real time now. We can put in our sewing machines so we can tell how many they’re doing and what they’re doing, we can see what they’re doing. And I said really? And they said yeah. And I said there were at least three companies in the seventies doing that? Really? They just don’t know what was out there. Back then the apparel industries in the United States was more automated than it is anywhere in the world today. At one time, Clemson was the
automated system of anywhere in the world because everybody had bits and pieces of what was in there but nobody had everything that was in there. The apparel industry was more automated in the late seventies and early eighties than anywhere in the world today. I had a guy in China the little cuff run machine the engineer built that back in the forties or fifties and they changed it from a four station to a six station. They just introduced it in China four years ago and we were doing it in the sixties and seventies. If people had gone through one of the Levi plants they would have just been blown away, to where they were doing 501 jeans and everything back in the day.

Researcher: What would you say to someone who wants to open a cut and sew factory to create more American manufacturing for apparel and textile industry? The dos and don’ts, words of advice.

Elroy Pierce: I would have to have more detail on what they are trying to do, what they are trying to really accomplish. I would have many questions for the person wanting to open the factory before I could give advice.

Researcher: Can you talk more about what your role is for APaDS?

Elroy Pierce: I am more of a support role for the people that are here. I do consulting. I do go out and do analysis of facilities to see how they can improve their processes. But it’s more of a support role for the people that are here. Everybody, with the exception of a couple of people, work with [inaudible] and apparel. The last five years, that wasn’t a good situation. The first twenty years are probably the best twenty years of my life. But it turned out to where it wasn’t a good situation the last five years. These people still wanted to work for a while. I knew that from the last eighteen months that we were there worked with 131 different companies so I knew there was still a need out there so there was group of us that just kind of got together and when we knew it was closing we made plans to see if we could do this a survive on our own. We’ve survived for a year and a half. It looks like we’re going to survive for another six months at least. We worked with 98 clients in 2015. So if you take those 98 and put it in line with the 131 we’ve worked with for 18 months it’s pretty close to what we were doing at Clemson. We’ve actually picked up some large clients this January.

Researcher: And it sounds like you’ve moved facilities too.

Elroy Pierce: Originally we weren’t going to do the samples and prototypes, we weren’t going to do any sewing. There was another company that I had been talking to, they were going to take that over but, in all honesty, things weren’t getting done in a timely manner and we can’t have our reputation damaged. I had a little more control over it when I was at Clemson, getting the patterns done and getting the items to the clients in a timely manner and when you give a portion of it out, you lose that control. Not that I’m a control freak, you just can’t promise the client one thing and somebody that you have no control over in a different building is something else and they are working on their own time frame. You just can’t do that.

Researcher: I know you do encourage domestic manufacturing and you can help you clients pick from your resources. Do you go out with the clients and consult and say “Hey, this one is better that this one.”
Elroy Pierce: No. I will not go out and tell them one is better than another one. What I will do is [inaudible] To give you an example, one of our clients wanted me to go down here to a manufacturer, wanted me to meet them there in the potential of producing their garments for the South Carolina. And I went and met with them and I’m just sitting back to start with but I can’t do that for very long because this one over here is probably trying to get more money than they should out of them. And this one over here said well I might be able to do that for a little while but it’s not necessary [inaudible] But I do go out because I want to look at the quality of everything plus I want to see what that manufacturer is capable of doing for some of my other clients. So I do go out with them. It is a consulting thing that I do for them. It’s the same way as saying a Juki sewing machine is going to sew better than Brother or better than a [inaudible] I don’t want to get into that. All of the companies gave me that equipment. What’ll I do is lay it on the table and say “This is your options.” You go to them and you talk to them, if it’s money [inaudible] the best price you can get. If its service you’re wanting, you look for the service. Same way with the manufacturing. This one’s capable, this one’s capable, and this one’s capable. Let them sew one of your samples and look at the quality then compare their prices. You got two things – you got quality and price. Which one is the most important? It’s the same way when they say how much is a cutter? I don’t into that.

Researcher: Are you the one that does the garment costing?

Elroy Pierce: Most of the time.

Researcher: If somebody did want to work overseas would you be able to cost for them as well?

Elroy Pierce: Costing would be a little difficult because of the formula that’s done for you. I can give them the standard allowed minutes – how long it should take to sew the garment at 100% and that would be… Say it takes 10 standard allowed minutes. But if it goes in your facility and you don’t have engineering staff. Say you’ve got a facility there and all you do is cut and sew, your overhead is must lower than, say Darlene’s company here if she’s got an engineering staff, she’s got a sales staff, and everything else. So the formula for that costing is different from facility to facility. But I can tell you that it should take this amount of time to do it. Now, domestic manufacturing – you can kind of guess at what the cost is going to be because some people is not that sophisticated and they go to the trouble of analyzing their garment to dead. They’ll look at it and say “Well, this is similar to the one we did two years ago. We charged $5.00 then. We charge $5.50 now.” It’s not very good. But that’s what they do. They figure their overhead is either 3.5 or 4% - four times what they is. So if the hourly rate is $10 per hour, they’re going to do it for $30, $35, or $40 an hour in the states most of the time unless they’ve got an engineering staff.

Researcher: Going back to the question about if someone wants to open a cut and sew…

Elroy Pierce: If they want to go overseas and they want to find out, ah, if they want to know how much time it takes, yes, we do that for companies now.

Researcher: For somebody that wanted to start producing domestically, open a cut and sew…

Elroy Pierce: They need to know what their cost is. They need to know how long it should take them to do that.
Researcher: Would you suggest engineering?

Elroy Pierce: Yes. We do it whether somebody else does it. They need to know what their true cost is. Whether they are going to pay them by the hour or whether they are going to pay them some kind of gain sharing or whether they are going to pay them piece rate. If they pay them piece rate, they better know what the costs are because somebody can come in and say well you can’t do this and if they can’t go in there the piece rate, the piece rate will be in trouble.

Researcher: Any last comments?

Elroy Elroy Pierce: Good luck!

END OF INTERVIEW
Duluth Pack (Duluth, Minnesota) - Tom Sega

Researcher: So, to get started I have looked up the history online and I also remember what you said at the talk at OR (Outdoor Retailer Show Salt Lake City, Utah), but could you give me a brief history of Duluth Pack.

Tom Sega: Sure can, so Duluth Pack was founded by a gentleman named Camille Poirier, he came to Duluth in the 1870’s, he was a cobbler, he was a shoe maker, and he came to Duluth because there was so much industry going on, the timber industry, the mining industry, with Duluth growing the shipping industry, where he could make boots, so he opened up shop downtown Duluth, making shoes and boots and it was actually a thriving business, there’s a lot of history, that we probably don’t need to go into, but he then was commissioned to make some type of a bag for the timber cruisers, timber cruisers where people that would head out into the woods and get everything ready where they were doing to run rail lines. Timber cruising for the logging industry, both of those reappear for the mining for the rail bringing lead for Duluth Shipping. He built the original Poirier pack, which he then patented on 12 December 1882. Which became the original Duluth Pack, and that was for the timber cruisers to carry everything they needed for days, weeks, timber cruising and that’s where they issued lines and do all that kind of stuff. From there, there were a lot of other people who want the bags, so he went into business, not only being a shoe maker but also a bag maker. From 1882 till 1911 he did it under Camille Poirier. In 1911 he sold the pack part of his business to several brothers, they were the Alverson brothers they owned Duluth Tent and Awning Company, so Duluth was a very very wealthy city because of the iron ore industry, because of the timber industry and shipping industry and they had a thriving business making awning for homes and businesses in Duluth and then also big canvas tents, big canvas wall tents. They started the pack business which then became the Duluth pack, the original pack was the Number 2 and then they went to Number 3 and 4, which were bigger styles and then from there on to many different Duluth packs. Their customer base grew because they built high quality goods and they branched out and started making a little bit of luggage and they started making little bit of accessories for the original car camper which held a tent, because they made tents fit over the window well of a model T and they just grew from there. [04:00] The business was sold several times, it was sold to several different people it was a small regional little business up here in Duluth, well my part of it, how did I get into it, I may be jumping a little bit ahead steps in history.

Researcher: Yes

Tom Sega: How did I get into it, well I had a career, where I travelled extensively for 20 plus years and when you travel as much as I did your luggage and briefcases they just tend to not hold up. I got tired of replacing all my goods all the time so I started buying Duluth pack products, because they were literally the only thing that would hold up to extensive travel I would put in, so this got me completely intrigued in this company that was a small little dealfind regional company that people in Duluth and the surrounding areas knew about. That built this awesome product!

Researcher: Yes
Tom Sega: I felt, wow, they could be so much more than they are so I literally walked up and said would you like to sell your company?

Researcher: and they said yes?

Tom Sega: Pardon me

Researcher: and they said yes, I guess?

Tom Sega: No they didn’t at that point, not at all.

[06:00]

Researcher oh ok

Tom Sega: well, 3 years of being very persistent, they one day, they were finally interested in talking and 4 to 6 weeks later I became part of the company. That was in April 2007.

Researcher: Is that when you bought the company?

Tom Sega: yes.

Researcher: ok

Tom Sega: From there, the company was not performing well at the time; we had our hands full and buckled down to do a lot of work. We had visions that it would become a much bigger company than it was and we would take it nationally and internationally, instead of just regionally.

Researcher: yes

Tom Sega: We first had to fix some innate issues, being a small regional company, more like a mama papa shop. We needed it to act more like a company. We worked internally hard for the first year or so, it really started growing and we started seeing some traction. Then in 2008.

Researcher: You bought it right before the recession? Did that had any effect? Did you guys even notice that?

[08:00]

Tom Sega: Oh yes, we did absolutely did. Through 2007 into 2008 we were growing and then September 15 of 2008 hit and that’s when the bottom fell out the stock market and literally we saw from the means of sales that we had at that point which were retail store, a fledgely website and a catalogue business, we literally saw sales cease to exist the rest of that year. It was a crush; it was such a blow to us. Especially being a premium product that demands a premium price.

Researcher: Right

Tom Sega: Higher the quality, obsessively the more expensive, and we don’t make anything that is a need and we make everything that’s a want. People tighten up their belts and they started
buying less expensive bags and packs or they just ceased to replace them. Our business faltered as well, it wasn’t as much that our business didn’t, that it went backwards it just ceased to grow.

Researcher: Right

Tom Sega: we just able to hold on and hold our on till 2008 and into 2009. It started to increase a little bit in 2010, and then into 11, 12, and 13 we just start going, and people started spending money again, so yes it hurt us just as much as it did any business out there if not more being a premium product, more of a want than a need. So yes, that hit us very hard. The leather good store part 1882, I think we went over a little bit of that. Did the sales background for me, I’ve been in sales and marketing my whole career, which is a little over 30 years now.

Researcher: Have you always been in the sewn goods industry, or is this new?

Tom Sega: This is very new. I was in the pulp and paper industry, the fabric part of it is the paper part of it, one of our headquarters was in Wilson, NC, which is about an hour for Raleigh, there’s a big factory down there. What we sold to the paper industry then what was called forming wires press fabrics and dryer fabrics. What those are, on a paper machine, it’s what the paper is actually formed on, pressed on and then dried on. So they are called fabrics because they are wovens and textiles. So that was my history, but it really had nothing to do with getting into Duluth Pack, it was really my travel, and passionate about the bag. I made the decision because I saw Duluth Pack as such an opportunity, that they weren’t seizing on at the time, so that’s why I became very persistent. So many people would love to have quality American based products like this, but you just didn’t know about it. And that was my reasoning for taking something like this and say ok now we’re going to let everybody know about it, we’re going to grow his business. So that was really the decision making factor and the opportunity was all along side.

Researcher: You’ve done a great job too. I’ve looked through all the bags now and I definitely want quite a few of them.

Tom Sega: Yes just tell Andrea what you want and we can set you up. Don't worry about that.

Researcher: So the next one. Oh sorry go ahead.

Tom Sega: Typical clients so we do have our flagship store which is 85 hundred square feet. It's an incredible store, it's a fun store. It's a store where we want people to have an experience. So when you first walk in, it smells like a cabin in there, so it's an instant burning. It smells like you walking into a cabin. It's a rustic looking place. We have actual old finish cabin built into our store. It's a flagship store for us to show off our manufactured products. But we also carry a whole plethora of products that are high end products like Patagonia, Pendleton, The North Face, Filson. All high end clothing and then a lot of camping gear which is also high end. More of an outdoors type of store, but it's really a showcase for our own product and our own brand.

Researcher: So would you say, oh sorry I was going to say kind of the main question is, do you think percentage wise, is Duluth Pack selling more through Duluth Pack or are you guys selling more to brands and stores? What do you think?

Tom Sega: It's both. Our business, it's a really good question, so it was all direct to the consumer for the first 125 years in this company’s history. But my vision immediately was that we have
got to get into a wholesale model. And we need to use other people such as dealers and we need someone to help brand our company and grow it through those means and then also private label for companies. And you know you have a question about that as well. So we knew that was our vision, but it's a lot easier said than done when your model has been for 125 years direct to consumer and your market that you need to make to be a healthy company, is set based upon selling direct. Because there wasn't enough margin in to share on a wholesale basis. So that was probably our single biggest challenge of moving to the wholesale model, was how do we build margin into this without just having price increases, because you can't do it that way. The customers way too savvy and they don't want to be taken advantage of by just saying ok we’ll wholesale now so we are going to price increase after price increase. So we've done it, the majority of it through internal procedures and protocols where we can lead all manufacturing and still hand make everything, but we just don’t need to be as institutional as we once were. We can make things in what I call bundles, big bundles those types of things where you going to get the synergy out of it, which we've done so many projects like that where we gained margins so we can get to a wholesaling model. We will still sell out of our flagship store, we will still have a website. We've eliminated our catalogue business for the simple fact that it was cost prohibitive to try and do that model. It grew more and more to our wholesale business and that's both our brand and private labels.

Researcher: Is the private label, I know that you guys worked with Abercrombie and Fitch but that was back in 1917. Do you guys still work with them?

Tom Sega: We currently don't but we just literally have been in communication with them in the last couple of weeks to be honest with you. They're interested once again.

Researcher: yeah that'd be kind of cool like redoing the story and history between the two companies.

Tom Sega: Yeah that's our discussion that we're having, it's exactly that. But we have others. Barneys New York, we've done a collaborations. Right now we're working with Mountain Khaki. We've worked with Pendleton, we've worked with Mossy Oak.

Researcher: Yeah I've saw some of the bags with the Mossy Oak material.

Tom Sega: Yeah and so we, I mean that's just a few and that's really a growing part of our business model and of our business today is that part of it.

Researcher: Would you say you do more of the wholesale or do you think that you still do more direct to consumer?

Tom Sega: Right now [16:00] it's still more direct to consumer but our model is to flip that. But it's got to be sustainable, it's got to be a calculated growth, we don't want to just explode that part of our business and not be able to manage it. All of a sudden your lead times for products go way out and you have so many things on backorder, so really what we're hoping to do is just manage our growth and manage our cash flow as a company through that growth.

Researcher: So you've talked about the premium price and you're not willing to change on that. Lifetime guarantee, quality first, I guess could you keep talking about that a little bit?
Tom Sega: Yeah sure will. So our model is really simple. This stuff has been made in Duluth for the history of this company and that will continue. It has been hand crafted, in a plant you can control and see. I can one blow, I can hear in the background. You probably can't hear it, but I can hear pounding from the rivets department, the rivets department is directly below my office here. So I can walk down on the factory floor anytime and just look at things and look at how we are doing things and question things and everyone can do that so having it right here is very important to us because as you heard in my presentation there I spout out so much about its quality first. Starts at quality. Ends at quality. Because how can we demand a premium price if we not going to uphold the quality product? Secondly how in the heck do you put a lifetime guarantee on a product if it's not a quality product? So it really starts and ends with that and we have a statement that anybody can call any product for any reason without getting in trouble and that's because we don't want an off spec on off quality product to get into any customer's hand at any time. Because bottom line we're going to see it back. If we do, and that's just unacceptable. People have paid a lot of money to purchase one of our products and they dang well should get exactly what they expect and that is the highest of quality product.

Researcher: So before you and I don't know if you've ever considered it, going overseas it probably. I guess not. Did anyone that owned Duluth before, did they ever consider going overseas or has Duluth always been pretty strong on their morals of staying domestic?

Tom Sega: It's really been strong on continuing domestic and that's before we got here and we're clearly just going to carry that on. We get asked all the time. We've had people propose to us in fact, in between our first conversation we had to get the other piece of equipment and dig through some emails. I would say multiple times per week I get emails from Chinese manufacturers saying, hey if you ever interested in off shoring products, you know, we're more than willing to help you. We have our own plants and I just nicely say, no thank you. We manufacture everything in our own manufacturing plant Duluth, Minnesota. We have been for 134 consecutive years and we continue to, we plan on continuing to do that for the life that we will be at this company. We have no intentions of changing. I get those multiple times per week where it's asking do you have any interest in the business and we just flat out don't. We're going to concentrate on doing it here. Doing it as efficiently here remembering that number 1, quality starts and ends at quality and that's what it's got to be. Put this in that premium product category in which, that's where we strive to be.

Researcher: So does Duluth Pack have a defined corporate social responsibility?

[20:00]

Tom Sega: From the standpoint, we will continue to hire and employ people right out of this area. Right out of this region. From the standpoint from paying really good wages, and health insurance, life insurance, disability insurance 401k with a matched plan. You know we feel we're a really good company, we have strong retention of employees because of that. As well as you don't need to be a trained sewer per say if you want to work in our production department.

Researcher: Yeah I liked what you said at OR about basically as long as you're willing to work we can train you on what you need to do.
Tom Sega: From a social responsibility the employees also has a responsibility. They have a responsibility to show up for work every day. Show up on time every day, show up ready to work every day with a good attitude. If they do that part which should be pretty simple, we'll supply the rest and we hear that from people over and over that wow I never thought I had a chance with something like this and I really love what I do and I love working here, weather it’s a sewer, riveter, cutter. I mean our lead cutter Mat Begue, he said there's only one way you guys are getting me out of here. You're going to have to fire me. I love what I do every day. He gives a lot of tours around here from a production standpoint. He tells people that, every tour, people come up, Mat just give me a tour, did you hear what he just said. I know exactly what they going to say. They go that's a lot of pride and that's what we love. From the other part, you know social and environmental we sell stuff that used to go in the garbage.

Researcher: Yeah I saw the rugs that you make from scraps.

[22:00]

Tom Sega: We do that. Literally just small scraps of canvas we bag them up, weigh them, we put them in our flagship store and we sell it to artisans. So instead of going in the garbage artisans buy it and make crafts out of it.

Researcher: Yeah that's a good idea.

Tom Sega: It's the exact same as our leather, so we throw almost nothing away from the standpoint of raw materials.

Researcher: I also know that you talked about how the workers, you were talking about the pride that they have and that they get to sign each individual bag that they make so that's pretty neat. When did that start?

Tom Sega: That started, that was before I got here so we definitely can't take credit for that. But that came from the sewers, they were very proud of what they, the time and effort and energy and craftsmanship and artisanship that they put into every bag. Is there some way we can sign these bags and what they came up with is they put a little tag in it that says handcrafted by and they can initial it or sign it. So today what they do is they sign and then they date it. What I can tell you is we give a lot of tours with people. Duluth happens to be a hotbed for tourism because we're right on the edge of Lake Superior, the end of the Great Lakes. In fact there the tall ship festivals starts tomorrow. The population of Duluth is going to triple for the next five days. It's just, it's a destination place and we give a lot of tours and people come to our, our loyal customers come through to tour who have bags before. They want to meet the person. They look at those tags then they want to meet that person.

Researcher: That's neat.

Tom Sega: It's really cool.

Researcher: That's a very powerful thing.

Tom Sega: We have pictures where customers are kissing the hand of the sewer.
Researcher: I know you talked about this at OR. How many employees do you have at the time, I guess on the factory floor than in the office?

[24:00]

Tom Sega: We're total as a company, I mean in the 100 range. Seasonal we go above and then little bit below during the slow times. With seasonal employees we’re right around the hundred employee mark. Of that we're probably in the 60 range with 55-60 in pure production.

Researcher: What are your typical turnaround times I guess for an individual bag? I'm guessing you do hold inventory because you have an ecommerce store or are you made to order? Sorry that was two questions in one.

[25:00]

Tom Sega: We've always had inventory but we've always have a pretty, we took a minimalistic approach to that. So we'd have a back order list and we would make to order as much as we could. This last year we made a decision to invest more money in inventory. So that not only for ecommerce, but for our own retail store, which is one of our customers, to our dealers, that what they order, we can get as close to shipping as we can today. So the order today will ship today. So we invested a lot of money in inventory this year in bulking up our inventory and having more of the staples of our items that turned. So a typical turnaround time, you order a black backpack for school today, it’s – I can pretty much tell you it’s shipping today. That’s a staple, or and olive colored one, which is kind of our signature caller. Up to we make customs, and customs could take you up to 6 weeks. So it is up to your custom, we are doing a lot of modifications to the standpoint of private label bags, and what not. It kind of depends on the volume of the bags when they’re needed, all of those things. But once we start a project, we were quite mouldable to move production over and get a lot of people working on something to get it out of the door. We are working on a bag order right now for 7,100 bags and that it’s taking, probably 4 weeks to get the whole project down.

Researcher: Wow. That’s great

Tom Sega: Yeah, we’re really working on to meeting those needs as much as we can.

Researcher: Hmm. This is an opinion question. Do you feel in partaking in Domestic manufacturing gives companies a competitive advantage over those who’re not producing their products on American soil?

Tom Sega: Only to the respect of – or aspect of our education to the customer, the consumer, and that is quality, that is we control our own quality in our own manufacturing plant, and number 3 it is the culture of this company. The culture of this company is– we make it here, and we’re proud of making it here. So, those are the 3 big things that comes to mind. For me, from an opinion standpoint, on domestic. But, your next question is how do we expect the current customers to buy domestic?

Researcher: Yes
Tom Sega: Educate them. Educate them of quality. Educate them on the heritage of the company. Educate them that you are buying premium product that you’re not going to have to replace. And educating them that when you buy an American made product. You are employing your friends and neighbors.

[28:00]

Researcher: Great. I think that’s a good thing – that the employees do sign the bags. I think that’s kind of a sign to show to the consumer that, hey, this is your next door neighbor.

Tom Sega: It is, you know, there’s a trickle down effect to that– I think I’ve mentioned that in the talk out in Salt Lake was, you know, we search high and low to get everything we possibly can that, from a raw material standpoint, and that’s made in America. So not only our bags made there, the final bags, but you know these dye houses that we buy all this canvas from.Well those are all in this country. And so a bunch of people are employed there. We buy a lot of canvas. The tanneries, where we buy our leather from. Those people all lives in the United States and buy all that hide, that’s American hide. All the way to where the cows are raised and where the cows, to where they are, for a lack of better terms slaughtered for the meat industry and the hide goes through the process. That all is Domestic. There is just this trickle down effect, that American Ranchers for the by-product, the hide that we use is part of the Meat industry and employing people there, because then they’re selling the hides. To, you know, thread, needles and ribbons, I mean we have all that ribbons plated right here in Duluth. So we buy them all coppered and the ones that we need plated, we have plated locally. So, we do a lot of business with the plating shop. So there’s so many other aspects then just us making a bag here, we’re employing a lot – helping employ a lot of other people.

Researcher: That’s right, and it’s kind of a cycle if everyone is helping out each other keeps going around and around

Tom Sega: And I wish, when I talk about the educational part. When we talk to customers on the floor, we talk to our customers the point is it’s not just our sewers, cutters, riveters, and administrative people. [30:00] There are a lot of other companies have the same thing. They have production people, you know, and administrative people that you’re employing too, because we’re buying from them. So there multiple companies down the path. That’s pretty important and I wish more Americans, frankly I wish our government would get that

Researcher: Yeah. That’s kind of leading to my next question. Do you think that domestic manufacturing is coming back within the apparel and textile industry?

Tom Sega: I do. I absolutely do, and part of it is - once again, the whole educational thing with made in America working group that we have through OIA, we’re pushing that hard. But I think people that are also sick and tired of the throw away society we’ve turned into through the 80’s, 90’s, 2000’s - where it was just a – you know what, if it breaks, I’ll buy a new one. And now people are saying wait a minute, wait a minute. I’ll spend a little more money to buy something that’s made in America, which you know is going to be quality, and you know people are held accountable because you can hold them accountable especially with social media today. You can buy a lot more that is made overseas, by some company that you don’t understand the language where it’s made, pretty hard to hold them accountable. But you buy a lot more that’s made here,
there’s a company name, that’s an American company and they’re doing it here, you can hold them responsible and trust me, people do. They’re not afraid to sit down at their computers and slam these companies on social media for something the company may have done wrong. And so, yes, there is – I wish that more companies would educate people that when you buy American, you’re not just buying something from the company you’re buying from, you’re buying from a lot of other companies because other companies supply those companies with raw materials or whatever they need to, hopefully steal, to make the decks on the lawn mower, whatever recycled aluminum [32:00] if it’s this part or that part – whatever it might be. And, so – yes. I think it is, people say it is a trend, I hope it’s a way of life.

Researcher: Yeah.

Tom Sega: Because trends come and go, I hope it’s a way of life that people go wait a minute. I’ll get back to what my parents and grandparents did, that is save up my money so I can buy the highest quality the first time and then take care of it and have it for a long, long time

Researcher: Yeah, instead of just throwing it out

Tom Sega: It’s so much of an educational process

Researcher: Right. What other – I guess, big companies can you think of at the top of your head that are working domestically now?

Tom Sega: Well, I mean, I can tell you Stihl chainsaws

Researcher: Oh really? I thought they were out in Germany, are they?

Tom Sega: I think originally, but I think they’re an American company being made in America now.

Researcher: Oh, okay. I’ll have to look that up.

Tom Sega: Yeah because I saw some social media stuff where one component, they got in trouble, because one component wasn’t made in America and they got in a bunch of trouble for it. I just look at so many companies that are coming home to the roost now, you know, just people, it’s not – it’s not easy to find them, and frankly it’s not easy for companies even these days to be able to get all their components here to build their cars, their chainsaws, their lawnmowers, their – whatever might be the curtains for homes. Because so many companies the word I use, sold their soul, and went from the almighty profit by taking things overseas. Which has a whole other inherited set of issues from maintaining their quality [34:00] and monitoring the control in quality to cash flow because we have to pay in cash all the time, in 6 months the goods show up and they cross their fingers and hope that it’s exactly what their specs were, and all those kind of things. But it is hard for, you know, a company like us as well as any other company that makes a product and we have other components that goes into it, to find all those components made here, that we put into our products. But we’ve certainly search high and low and I hope more companies either come back here or start up new companies here that are willing to make those components that we can buy. Because there’s a lot of companies like us who would buy every single thing they can, here. I’m proud to say that, you know, we do really search high and low to find that.
Researcher: Yeah. So that’s kind of answered the question of are you partnering with other companies? It sounds like yes, of course because you’re sourcing your raw materials as much as you can within the U.S.

Tom Sega: Correct.

Researcher: Do you think that there’s anything that’s not proven to be beneficial for domestic manufacturing?

Tom Sega: Well, I mean I can tell you that if we took our manufacturing off shore, we would make more profits. That’s just fact. Cheap labor, you don’t have to pay health insurance and life insurance or 401 K plans, they don’t pay the wages we pay, so – It’s profits, so that’s why so many companies went overseas, of shores. It is pure and simple profits. If we did that, sure, we could. Adds a whole other set of headaches, but could we still get quality product? Yeah, probably. Would it add a lot of work and headaches and things like that? Sure. Would we make more profit? Sure. But we look at it as selling our soul, selling off our brand, and we’re just not going to do it. It’s our culture and we can control everything right here, and we can be a healthy company. We don’t need to be foolish with profit margins like so many companies, I guess, have become, that’s why they went there. Unfortunately, so many of those companies are now asking our government for subsidies to come back.

Researcher: Yeah. You told me about that

Tom Sega: For profit they went overseas and now they want, they would like subsidies to come back and I think, if our government caves in on that then they’re foolish. Because they’re the one’s, those companies, were the ones who created all these issues

Researcher: Right. So, fend for themselves. What about…

Tom Sega: Yeah, just like the rest of us did when we, we never sold out, by going overseas

Researcher: Do you feel like Duluth has had to make any trade-offs to keep revenue, to employ people in the States or to keep the quality good?

Tom Sega: Absolutely. One is the profit for the company. We’re a for profit company. We’re privately owned company and part of the trade off is we’re not nearly as profitable as that we could be, from the standpoint of making it here. But, that’s our culture, and that’s who we are, and we don’t want to apologize for it and we never will and we’ll do what we can to be a healthy company and to sustain growth and to be a profitable company. But we’re not going to do it at the… by compromising ourselves and the history of this company, the heritage. And frankly, us as owners, why we got into this, we’re just not going to compromise that by the almighty profit dollar. We’ll make as much as we can. We’re not going to do that.

Researcher: Yeah, I agree. There is definitely both sides of it. I mean you do sound optimistic about the future of American manufacturing. What do you think is going to happen in the next 5 to 10 years? Hopefully it’s not a trend, if it does stay and keep happening?

Tom Sega: I think a lot of it, a lot of it hinges on this election coming up. On the trends that have been happening, will they continue to, and part of it is our own government making it just about
impossible to be a small private business, and do business here. From regulations to taxes and everything else, they make it so difficult for a small business, and it’s frankly pathetic.

Researcher: Hmm. Yeah I was reading the other day statistics about how, basically everyone kind of stopped buying in election season because of an uncertainty, and it’s like right after the election, it booms back up.

Tom Sega: Absolutely, especially, you know, right now because there’s been the same president for 8 years and now, it will be a new person there and potentially a new congress and all that stuff, so – there’s a lot of apprehension and I can tell you there’s apprehension from big business owners as well during an election cycle because our own government, it’s like they don’t want any business here to succeed because they certainly get in the way of a lot of potential success.

Researcher: Right, yeah. Some of the other interviews I’ve talk to people and they’re cut and sew facilities and they talked about how NAFTA has really affected them because they’ve been open since the 60’s and NAFTA came in and the 90’s and that kind of changed the whole way of doing everything. So I think it is time the government needs to be a little bit involved.

[40:00]

Tom Sega: They need to be held accountable, but they don’t. We’re held accountable for everything we do. But they’re not and it’s just frustrating. I can go into that for at least 3 and a half weeks and talk your ear off. But, you know, NAFTA and the Trans Pacific Trade and all those – They’re just business killers for this country. And I don’t care what the government wants to say, they think it’s is good for us, it’s not. Because every time they sign an agreement like that, it harms our businesses because it makes it easier to import things and way more difficult to export things, but yet they want us to grow. What can we do to help? I think they should all go on vacation for a year, that’s what they should do.

Researcher: [laugh]

Tom Sega: Stop passing laws. I mean that I actually went 3 years ago to Washington DC, and testified in front of the Senate on a steering committee. They said what can we do? And I said stop passing laws because every law you pass you make it more difficult for us to do business. Stop passing laws. Go on vacation, paid vacation - I don’t care. Pay them to go-away for a year. And guess what? The business cycle in this country would get better, because they do nothing, they do nothing to help us. They just harm us over and over again, I’m pretty opinionated about it, but it is very frustrating as a small business.

Researcher: Yeah, I can imagine, I mean you’re dealing with it first hand so, of course.

Tom Sega: They make it easier for import and more difficult for export every time. That is nearly 100% every time they passed these stupid laws. It’s ridiculous. And yet they’re like ooh, we want to help you? No, you don’t. If you did, you wouldn’t pass these stupid laws that go into favor of everyone else and not our own country. Who are you guys working for?

Researcher: Right. Who do you feel are some of Duluth’s competitors, or do you think there are any other companies out there that are premium great quality, American made bags.
Tom Sega: Sure there are, yeah there certainly are, but we fill such a niche so do we have one competitor that is just a complete overlap with what we do and what they do, there’s not. And we are very much in a niche where we work, we compete with JW Hulme Company. But they’re even more of a premium brand. Much higher end leather they’re after a different market, so, we compete because we’re both making bags and packs and things like that. But the markets we go after are pretty different. The bag that we sell for $300 they sell them for $800 and it is just a different clientele they are going after. Filson, Filson Corporation. We’re actually good friends with the Filson people. We actually sells Filson clothing and things like that in our store. But we compete in bags, and they have very nice bags, very nice people, great company. We are lucky enough to say we are a few years older than them. Not many, but a few, but another really great company and we compete with them, but we are very friendly with them. It’s a big world out there for all of us, so, we’re actually friends with them. So, if people go are you a competitor of Coach or Louis Vuitton, well yeah, they make bags, we make bags, but the clientele is completely different. There’s just not many domestic in our market, we just really really fill a niche.

Researcher: Right. This is kind of changing the subject I guess, because I did see on the website that you have T-shirts and Hoodies. Are those made within the factory too or did you guys ordered those and screen-print them? How does that work?

Tom Sega: Exactly, we order those through companies and have them screen printed. We know we do a lot of branding locally, so we got those. It is very difficult for us to find American made hoodies and t-shirts. We sell – you wouldn’t believe it, it’s just crazy how many we sell. We love it because people pay us to brand our company, by wearing a hoodie or t-shirt. We recently partnered up with a company and it’s all domestically made t-shirts and hoodies and we’re transitioning a lot of that over so that even our hoodies and t-shirts that we buy and sell, are made in America.

Researcher: Can I ask what company that is?

Tom Sega: I believe it is called Home Grown out of Iowa

Researcher: Okay

Tom Sega: We do business with like about 1,600 vendors, so I can’t remember. From raw materials to finished goods that we sell in our stores. I believe it’s 1,600 vendors that sell to us

Researcher: Wow, yeah. That is a lot.

Tom Sega: Yeah it definitely is. You can go on to the next question and I’ll look this up.

Researcher: Okay, so we talked about how it is a matter of educating the consumer to try and get them to pay the price and understand the good quality. Do you think that your employees now working domestically, do they cherish domestic products more? Do you think they have an opinion on that? What do you think?

Tom Sega: Say that again
Researcher: I was just saying that… I mean, you kind of already stated that to get a consumer to pay a higher price for domestic, you have to educate them and teach them about the premium

Tom Sega: Correct

Researcher: The quality. Do you think your employees, now since they are working at a domestic manufacturing facility, they’ve started to cherish more domestically made products?

[46:00]

Tom Sega: I think so because it just everyday that they come to work for 8 hours a day, it’s kind of a culture around here. That we try to do that as much as we can. And we can’t control what our employees do on their own time and their own money. But you know, we’re all – I think we’re all successful at trying to buy as much American stuff as we can. But we are also all guilty at saying okay, the t-shirt, or whatever you’re wearing today, if you look at it’s tag, where is it made? And I think that we all kind of go “oops!” Because it is, it’s not easy. It takes an effort to do that.

Researcher: Yes, I try to be more cautious and look at tags and try and buy more American made, but it’s difficult.

Tom Sega: It’s very difficult. You’re exactly right. It’s very difficult. We get people so, our buyers for our retail store and our website, they really search hard. Searching high and low to find as many products that we sell that are made in America – and I can tell you that they’re not all, but we get people coming in our retail store, as an example, and they do all of their Christmas shopping with us.

Researcher: That’s great.

Tom Sega: And we put American flags on all the different products in the retail store, that have the made in America logo on them, and people really appreciate that.

Researcher: Yeah. Are you working with any overseas brands or clients, I mean, I know you’re trying to source as many raw materials as you can within the United States, but it sounds like maybe the t-shirts are still right now overseas?

Tom Sega: Well, we don’t buy them from overseas, the one where, they were a primarily supplier for years. Called Lake Shirts, and it was out of western Minnesota, and it’s Gildan. They’re the primary supplier of their raw material for t-shirts and hoodies is Gildan, which we know Gildan is not made here. So those all come from there and then they screenprint them and dye them and do all that stuff then we purchase them from them. So we are purchasing from a Minnesota company, but we know for a fact that the Gildan Brand is not made here. So that’s why locally grown is reliable.

Researcher: Hmm. Oh, okay, locally grown is the T-shirt place, right?

Tom Sega: Yep.
Researcher: Okay.

Tom Sega: I think we’ve just got our first, this summer would be our first orders and I know they will be a lot of re-orders coming in now and all those things coming in right now. I know we are growing that part of our business.

Researcher: That kind of moves in to my next question of what is in the next step for Duluth Pack? I know you’ve kind of talked about how you want to switch more to wholesale rather than direct to consumer. Any other big plans?

[50:00]

Tom Sega: Well it’s – no it’s to continue to grow that part of the business, I mean, yes, we want our website to grow, yes, we want our retail store to grow, but we also know that from the wholesale standpoint, the private label as well as the dealer network, can and should grow faster than both of those combined. So that’s where so much effort is going into the wholesale by doing so many different trade shows and networking, and that’s where we can get a brand and the name, that we’re a premium company. That we should get some shelf space in your store, type of deal. From an outside sales perspective is where we really need to grow and be sustainable with it, from a standpoint of knowing what to sell and what are our capabilities to the manufacturer because we don’t do anyone any good there. But we can ramp up pretty quick with the model we made of training. So that’s really what’s big, is getting our traction in the wholesale market. Sustainable and steady growth.

Researcher: The last question I had was kind of an advice question. If someone wanted to open a cut and sew factory within America, for manufacturing for the apparel and textile industry, what would be your words of advice? What have you learned? The do’s and don’ts?

Tom Sega: Number 1 is having a very strong business model, and stick to it. Through the thick and through the thin. Stick to your core business model, and don’t compromise yourself. And expect going in, that it’s going to be a lot more work than you think it’s going to be. And that growth may not come as fast as you had wished it would, but if you stick to your core values, your business model and don’t compromise that. Then you can be successful. Manufacturing here, in the cut and sew industry even though so much of has gone overseas. You have to find where your niche is, where you get to differentiate yourself from every other brand out there.

Researcher: Right. Yeah, and then I remember you also talked about as are those were a really great point you made at the OR Show, when it comes to your labor force, you have to decide whether it’s a cost or an investment for the company.

[52:00]

Tom Sega: It absolutely is. And you have to invest in that, because people are what make it happen, and if you look at it as just strictly a – an expense, like any costs basis versus we’re
investing in people, and people are what make it happen. You can’t be short sided with that, you have to keep your eye on the ball, and look longer terms, for example you invest, in a sales person for outside sales, well they know they aren’t going to go out there and be selling like crazy, like they’re going to in a year or 2 years from now, once understand your brand and they understand the market and they understand the customer base and all that. There is such a learning curve that the investment from the company up front is huge. But you have to stick to it, and you also have to be willing to make tough decisions that if things aren’t working, why aren’t they working and how do we change to make them, to make us successful?

Researcher: Is there anything else you want to add to the recording before I stop recording?

Tom Sega: Nope, I’m good!

END OF INTERVIEW
Interviewee A: Yeah well you know I was dabbling into it before that, I started to manufacture 1981, how much history do you need?

Interviewee A: I’m a mechanical engineer by trade therefore I was working in New York City. In around that time North American Soccer League was popular. Soccer was an immigrant sport in this country, and in that time it just started to come up. So I thought soccer would be a good business to get into. I had finished my masters at that time. And because of I guess communication skills; you know a lack of good English I was not getting all the good jobs that I should have been getting. And then it turned me off and I wanted to do something on my own. And I saw this. ABC decided to televise soccer games and that was the reason why I went into the soccer business, so I started the business in ’79. Importing soccer balls from India. I’m from India, and I had a job at the time and you know I would buy 100 soccer balls and sell them and then buy some more. And then I realised I am a small guy and I can’t compete, and as I was going around I saw that people were playing soccer with a T-shirt and a gym short

Interviewee A: So I thought there should be an opportunity, as I was trying to sell my goods I ran into somebody who worked in a clothing factory in New York. In those days, in New York there were tons of clothing companies in New York, manufacturing. So then he started to make shorts for me. Because his company was making swim shorts, so a short to play soccer in, and then I ran into somebody else, who made some shirts, so I would buy shirts from him and shorts from him, and sort of try to sell it. So I was able to sell items at that time, and I said that I could not work both anymore because my wife does that in the evening and get home I would be tired. So I decided to do that on my own and that’s where I kind of took the plunge so to speak.

Interviewee A: No

Interviewee A: I learned on the job. Some of them were going out of business so I went to the auction and bought a few machines and then…

Interviewee A: How did you end up in North Carolina? Because you said you were up in New York I guess.
Interviewee A: The factory was started in New Jersey because New York City was very difficult to get out of if you are selling, and then I moved to north west New Jersey, and that’s where I started this and I realised soon enough that it’s hard to get employees there and then I started to search. North Carolina industrial something, industrial development. I contacted them in Raleigh and they were very nice. Well before that my first choice would have been Texas, then Florida, then North Carolina. Texas was too far out, you know from a business standpoint because I have developed some customers in New York/New Jersey, and then Florida was way out there and North Carolina was closer to my market. And there was a lot of textile and clothing factories here. So that’s what brought me here. And in Morganton, you won’t believe this because when I was doing my research where to move to, I had figured out that North Carolina has really bad public schools nowhere near what New Jersey was for example. And that was very much a concern for me and looking around here [00:06:00] There was a school here, a small private school that was the reason why we moved to…

Researcher: Oh ok. Do you have children?

Interviewee A: Yeah I have three. I have three kids. They went over there to their school and two of them went to school of math and science in Durham

Researcher: Oh ok

Interviewee A: So the reason for coming to North Carolina was the proximity and availability of textiles and labor force. And moving to Morganton, was that little school, believe it or not.

Researcher: So your children now do they have anything to do with sewn goods or textiles?

Interviewee A: No, No, No

Researcher: They don’t want anything to do with it? What are your ties to the community college because I know this class is being taught here, so that they can kind of see what a factory looks like?

Interviewee A: Sarah asked me if they could use the facilities, because of the business situation people who are working in this trade they have left, so you can’t find employees and the textile district (The Carolina Textile District) decided to hold some classes to see if you can train people. So I said yeah sure use my facilities.

Researcher: Ok so I know you sell mainly uniforms and sports apparel, is that directly through you all or do you sell it to other companies and they sell it, how does that work?

Interviewee A: Ok my business has evolved and as I started with soccer and that became difficult, you know, what I saw other people saw too. So people with a lot of money came into the picture, so I started to move and I developed a niche, I played into a niche. One time I was stocking stuff and then I realised that I can’t compete with that so my niche was that you design the garment and we design it for you in three weeks.

Researcher: Yeah I saw that quote on your website.
Interviewee A: Yeah so then Nike and other people came into the picture and then it started to go south around the same time in the ‘90s I think NAFTA came into the picture and that ruined the business so that was happening while I was trying to branch out. So I started making football uniforms, basketball uniforms, I stayed in that business but kind of branched out, so now that business is almost dried up two three years ago, maybe three now. So I wrote a note to Dan St. Louis, and I got in touch with a textile district and tried to do this cut and sew for other people. So that’s how that came about.

Researcher: So now you are taking on, I know your wife said you are doing a run of 300 right now, taking on smaller runs.

Interviewee A: Right the business started. I created this, with the small run but high quality uniforms that I was making. When you make custom stuff basketball team buys 10 sets, soccer team buys 15 sets it’s not 5000 sets. So the whole thing was started on their premises, and then in order to keep your commitment, my commitment is very important to me. If I tell you I do something I want to make sure that I do it. It’s very important and when you commit for the three weeks turnaround that creates a lot of other issues and so I couldn’t depend on someone else. So I decided to do everything in house, for example if somebody sent me this garment to make this. I have a similar pattern, but say this was done be somebody, if I only made the garment I had to send it out to somebody to get these two done. So we developed the other skills so we do everything in house. (ex. Screen printing, number stitching)

Researcher: I saw that you had screen printing back there too

Interviewee A: We also make the trim. We knit the trim.

Researcher: Oh really.

Interviewee A: Yeah, you know the braid that goes here, so the delivery and the commitment is important, so I decided to do everything here. At one time we had 27 people working here

Researcher: Oh 27, how many do you have now [00:12:00]

Interviewee A: 7. So right from the beginning this setup of this business was based on smaller quantities with a faster turnaround but with good quality. If I make something for you and you complain about the price, I’m not one of those that say, ok it's $12, and you say well it’s too much can you do it for $10. I say ok $10, I’m not one of those, because you know in order to cut down on the price you have to cut down on the quality, and I don’t see myself doing that. It’s just ingrained now.

Researcher: Yeah.

Interviewee A: So as they say we build the garment to a quality level. We don’t sell on price so if you like my work you pay for it.
Researcher: That what I keep hearing about like either price or quality, you get to pick one or the other, it’s hard to find them in the same place.

Interviewee A: So that’s how, our identity, in my work I used to do sublimation printing, have you heard of it?

Researcher: Yes.

Interviewee A: I used to do that 15 years ago maybe 20 years ago and then I quit doing that and now everybody is doing it.

Researcher: Did you have that in house?

Interviewee A: Yeah, we got the paper printed from somebody else. And then we pressed it here as the need arrives. So that is a new trend and I don’t know how long that is going to continue.

Researcher: That’s funny though, before the trend.

Interviewee A: So the problem with that was, see this garment, it looks pretty good right, it's polyester, I don’t use polyester in my line.

Researcher: What do you use?

Interviewee A: Nylon.

Researcher: (phone rings) I’ll pause the recording.

Interviewee A: Sorry for that.

Researcher: That’s ok I understand.

Interviewee A: You can not sublimate nylon. Polyester is the only fiber you can sublimate, and a good thing about bigger companies, they invest the money upfront to come up with the newer fabrics or design or what have you, and sometimes that helps. And now they have come up with, I think nicer looking, nicer feeling polyester. So even when you sublimate. It feels nice but polyester is polyester, no matter how you treat it. It’s uncomfortable to wear over the long haul and people don’t see it. Sorry your next question.

Researcher: No that’s fine. Well my next question kind of is about the clients some and I know you get some from Dan St. Louis, helping you kind of find some, are they still in like sportswear, action wear like how does that work or are they anyone?

[00:16:00]
Interviewee A: Yeah it depends, now we have done other things. We have made medical gloves for people; we had some baby bibs and stuff

Researcher: Ok so a variety. Ok so have any of your clients worked overseas before, and now working domestically

Interviewee A: No my traditional sporting stores, they don’t work overseas obviously. And the newer clients that I’m getting in cut and sew, for the most part they are starting companies

Researcher: Ok so does [Company Name] have a defined corporate responsibility? For example like economic development, like creating jobs

Interviewee A: Yeah maintaining jobs right now, and we have never fired anybody, even though business, because I understand people have to make a living and even though business is down or was down, people left

Researcher: Really so you never had to do layoffs

Interviewee A: No.

Researcher: Well that’s surprising.

Interviewee A: And that was, that was one of the reasons, even though we did not make money for years to keep going you know because I also have one of those, I realize that everyone has to have some kind of income, but other than that there is no social responsibility.

[00:18:00]

Researcher: Do you think, right now you have seven employees, That this community college class that has been taught here, are you looking for more employees or are you kind of happy right now

Interviewee A: Yeah, I’m looking for more; I talked to her actually this morning, but business is not where you hire 10 more people you know

Researcher: Right, you have to go where the business comes.

Interviewee A: Yeah maybe a couple, yeah I actually talked to her this morning yeah, in terms of that.

Researcher: So what are your typical turnaround times, I know I saw the quote that you create and me make it in just three weeks. What about the client that has like 300 right now, how long has that taken

Interviewee A: Well this is less than two weeks. That quote is for my traditional business. Where I know what I’m doing.
Researcher: Right.

Interviewee A: When people come like this I tell them I can do this by this date and so forth because a lot of issues especially for new businesses they do not know what is involved in making this thing.

Researcher: Right they just want it now.

Interviewee A: There are tons of variables that can go wrong and do go wrong and people don’t realise. There is a lot of education I think, on the, no matter what they tell, because they don’t have experience for the most part. Things do not go smoothly, you know. In my field I know I have the patterns, and I have tons of fabric to do things, I’m very comfortable with what I’m doing. But when it comes to making something for you or something for them, you know. But I tell them that we will deliver this by July 10th or July 30th or whatever and we come through. My I guess my best delivery I guess was 97% on time and that was one of the main things you know when we were selling our stuff. You can’t do it 100% of the times. Sometimes the fabric doesn’t come through; sometimes a machine breaks down so you know. I guess we're pretty good in that part. Right now I’m working with the, you might have heard of Alexander Julian

Researcher: No I’m not familiar; I have to look into that.

Interviewee A: It’s a very big designer in the, actually I’m making first samples for him, hopefully we will be shipping today, and he needs something rushed you know

Researcher: Where is he?

Interviewee A: Oh he’s in Chapel Hill. Julian’s, the guy who made North Carolina’s basketball uniforms and stuff

Researcher: No I don’t think I do. I will have to look it up and research it

Interviewee A: You know I get into that, that came through, Dan St. Louis, he called me so.

Researcher: Ok. Do you think that domestic manufacturing gives you as well as your clients a competitive advantage over those who are not producing domestically I mean. I know we kind of talked about quality so like you feel like that is one of your strong points

[00:22:00]

Interviewee A: Yeah for me certainly quality. But I don’t know because people talk about making and buying US stuff but they don’t pay the money. So until that changes, you know. I have seen a lot of people, how much would you charge for this, $20, oh I can get that from China for $9, I’m just picking numbers. So they think or they talk about it but they don’t want to pay

Researcher: And it sounds that they always want to cut costs at production

Interviewee A: Yeah and so I can’t answer that intelligently
Researcher: Do you feel like domestic manufacturing, I mean, how long have you been in the North Carolina area?

Interviewee A: Since ‘84

Researcher: Since ’84, so I guess you’ve seen the good and the bad. Do you think that there is a turn around now, I think I hear that furniture might be coming back more, as well as some apparel, what would you say are your opinions on that?

Interviewee A: I would think that the high dollar, high quality stuff might come back but the middle of the road things are gone forever.

Researcher: Like t-shirts I think. I agree. Can you think of any big companies off the top of your head, like names that are working domestically?

Interviewee A: Big brands? No, not that I can think of.

Researcher: Oh ok. What would you say is not proven to be beneficial for domestic manufacturing, do you have anything that you think is

Interviewee A: Not beneficial

Researcher: Right, I mean I guess that if someone didn’t want to pay the price that that would be like an example but what else do you think would be

Interviewee A: The right price starts everything

Researcher: Yeah it kind of makes the wheel keep turning.

Interviewee A: Yeah.

Researcher: You can think about it if you want. Or this one kind of keeps leading into that. Do you feel like you have to make any trade-offs to work domestically? So for example what I wrote down was like if you have to pay more for your product to be produced, maybe you have more of a e-commerce rather than selling in a store, so do you feel like those are a trade offs you have to make, I don’t want to persuade you to an answer

Interviewee A: Yeah, yes and no, if I was starting now, yes certainly, that would be my way to go, but there is a lot of risk involved with that, when you sell to, ok I still have not given up on that idea but I was going to produce custom made yoga or exercise wear, high quality exercise wear. Because if you look around, all the yoga gear is for petite women. Model looking girls, I think majority of people don’t look like that.

[00:26:00]

Researcher: Yeah. Not your average American
Interviewee A: Right so I thought there is a need and I could do it. I have the stuff. But the problem I saw, it’s been going on in my head for 3 or 4 years but I still didn’t put any money into it. Because if I sold the uniform, sold it to somebody, they would order one. It’s for an individual, for them only one or two and I have to stock a lot of stuff. And if I don’t deliver fast enough they don’t need me.

Researcher: So it would be direct to a consumer idea but it’s hard.

Interviewee A: So it’s a deterrent and if my business was doing very well and I could spend a few thousand dollars then it's ok. Then I would take a chance and then the other thing is coming up with a very nice website and stuff.

Researcher: Right to make it appealing

Interviewee A: So I do those impairments basically, I thought I would stay out. But that, if I were starting now, then I would certainly go that route.

Researcher: Do you think, you say about holding the inventory, the good thing is, I just want to make sure I’m saying this right, like you wouldn’t have an inventory of a bunch of yoga pants because you are making them for each individual person. But you’re saying that you have to hold supplies.

[00:28:00]

Interviewee A: Yeah and those fabrics are not, good fabric is quite expensive. So if you have four to five different colours, it adds up real fast

Researcher: I find it interesting that you made that point because it's like when you ask a client, who is a small business owner, they don’t want to order from overseas because you have a huge inventory because you have to order mass quantities, and it’s funny like I don’t have an inventory. Would you say that since you’ve seen the good and the bad are you optimistic about future American manufacturing or…

Interviewee A: Yeah in general I see a lot of automation. The low quantity stuff will still be made like we are making today. But if there is a decent quantity, I have not seen but heard that they are trying to create some kind of robots, they put seams in the garnets and stuff, and you can do those things only for something that you have to make 10,000 of. You can’t do it in smaller quantities. A few years ago when I started, everything was done by hand. Then the computers came into the picture and it was automated, well not automated, they made it very easy, the design process, there was no such thing as pattern design software, or pattern grading software, there was no such things. You did everything by hand. So that was a big help. But what I think now probably they will have more automation in the sewing part, you know in the production part. But that may not be good for smaller production runs.

[00:30:00]
Researcher: Yeah, I was in Atlanta recently for a trade show that was all about technology, and they had a couple setup demonstrations, of the robots doing production stuff but. I still think that even though technology might take over the world I don’t think it’s going to replace humans.

Interviewee A: Right because this stuff requires a lot of details.

Researcher: Yeah, do you feel that you have any competitors, here or anywhere else in the US.

Interviewee A: Oh yeah, tons of them. Nike, Adidas, bigger companies and even though they are not.

Researcher: Well I’ve heard rumour of New Balance trying to move more of their production domestically but do you think this bigger companies like Nike…

Interviewee A: Rawlings, Like they are trying to move their production in the US?

Researcher: Yeah I read an article the other day about New Balance and how they do have basically small runs of tennis shoe’s up in New York.

Interviewee A: No in New England.

Researcher: Yeah actually that might have been so, but I haven’t heard anything about Nike wanting to move back, I’ve heard Under Armour is interested. But I haven’t actually seen that so

Interviewee A: They compete with each other. Under Armor, if they produce stuff here their costs goes up, and they won’t let that happen because of the competition with Nike, I doubt it.

Researcher: Do you, have you heard instead of bigger names, just small because there are other cut and sews in this area, do you feel like they are competitors or do you feel like, collaboration like you are helping each other out, as far as clients go.

[00:32:00]

Interviewee A: I don’t think they are competitors, maybe at times but most of the times you know everybody, whoever is left here is not normally a very large company, they are small sized companies, I’m too small somebody maybe, you know ten times bigger than me but it's not 3,000 people working anywhere, in this business

Researcher: It’s still a small industry so know your neighbours. Right. Let’s see, I kind of talked to you earlier about price and you know at the end of the day, if it costs more to make the product then the consumer has to pay more for it, and your average American probably won’t so how do you think we can change their opinions on that or how can you get consumers I guess involved in the

Interviewee A: If you remember when NAFTA came about, there is a man I respect, Roger Milliken, have you heard about Milliken and Company?
Researcher: Yes I have.

Interviewee A: He came up with an idea you know let's promote made in America, and they had their label made in the USA. And they spent a lot of money in those days to convince people that made in America means something to keep your job and all that stuff, and after 3 or 4 years they gave up, because people just buy from, on price point and then right around that time. Walmart came into being and they didn’t want to buy anything from here. So it’s hard to change now. But if you have more technical detail in your product it will appeal to certain clientele, and then US made is more meaningful, and then pay a little more money, but for the average person, it's difficult to change, I don’t think

[00:34:00]

Researcher: Yeah in my research I have been trying to compare like the farm to table movement, how everyone wants to go to these farmer markets and see where their food is growing and where it’s coming from, and so I’m hoping that maybe that idea of where is my T-shirt made from and what goes into that. It might be the persuading point I guess for the

Interviewee A: Well the thing is from farm to table movement you are buying something that affects your health

Researcher: Right whereas clothes

Interviewee A: Yeah it doesn’t, it makes much difference

Researcher: My selling point on that would be that it just affects your budget because at the end of the day you can buy something cheap but it's not going to last you very long usually.

Interviewee A: People don’t understand that.

Researcher: Yeah they don’t.

[00:36:00]

Interviewee A: Because they would buy it again. I fight against them all day long. Because in my business. Say Nike, they bring in a soccer style let’s say and they keep it on their shelf for 5 years, so your team will your league of 20 teams, you bought 300 garments for them, and next year you will need 20 more and then you buy 20 more. Then they say we have discontinued this, so what do you do? People complain all the times. I mean I sell against that. But I can’t convince them that you ditch them, because they were not there when you needed them. So you buy 300 shirts again and they complain about it but then they go back there. Because the uniform has a swish and people are brand consciousness, so it’s difficult to change that, they have done a wonderful job of brand consciousness I guess but I, that is what I think. And unless you change that it’s hard to change. I have given up. Because bigger companies have other ways of doing it, of course they make money

Researcher: Right.
Interviewee A: What they are doing believe it or not, they go to a school and say if you buy this uniform, I give you this shirt, this short for $20. And if you buy your team's worth from us, we'll give a jacket and a pant to the coach. And I think that is a, one second (phone rings)

Researcher: Ok.

RECORDING 2

Researcher: It's ok I don’t mean to make you feel rushed. You can take your time.

Interviewee A: This is one of those new people who wants to develop a line has no patterns and he can just send me one shirt so I can see what It looks like. So there is a lot of education. And then they say well this t-shirt, I can buy this t-shirt in china for 15 cents.

Researcher: And you say go do it.

Interviewee A: But anyways sorry.

Researcher: It's ok. My next question is – so you have had allot of experience in the industry even though it sounds like you background was it within textiles or sewn goods. What do you think have been some of the biggest downfalls for the industry domestically and then let’s talk about downfalls but also greatest achievement? Do you think these…?

Interviewee A: I think it was not the industry but the environment when they went to NAFTA. That was the downfall. Certain events, politicians you know they think whatever they think and the achievements – they are coming out with all kinds of new gadgets, new textiles that were unheard of. I don’t know how effective they are or how effective they will be once we use them in two three years, but I get email from Chinese companies, one guy was selling temperature control fabric, I mean of course it starts here and then they go back and copy, however that works. I have made some garments with carbon fiber. And that’s supposed to help your aches and pains and stuff. So you have seen lot of technical innovations, and that is something to be proud of.

Researcher: And those seem to be getting more popular too? How did you meet Dan St. Louis, was it just a small town…

Interviewee A: No, no Dan - I was watching UNCTV and you know sometimes they interview people for certain things and Manufacturing Solutions Center, they were doing a show on them, and Dan came too and they were talking to Dan about that. I think he must have said that, “oh we try to help small companies in textile business and stuff.” So I saw that and I said hmm, so maybe I should contact Dan, I didn’t know he lives in Morganton, so I wrote him a note and he called me and he showed up one day. That’s how…

Researcher: And so that’s how you got involved within the Carolina Textile District and becoming a partner. Ok so what would you say to someone who wanted to open a cut and sew factory now domestically, would you say words of encouragement, would you say no, like words of advice, do’s and don’ts?
Interviewee A: Well, someone who’s starting up?

Researcher: Yeah.

Interviewee A: Well I would suggest that you stay focused on something, like be different. You know whether it’s quality or just I only make t-shirts. You know what I'm saying, become good at something rather than ….

[04:05]

Researcher: Trying to do everything?

Interviewee A: Yeah which is what I am going through right now you know. I think I am developing a niche for making polo shirts. You know I would go through this process then kind of settle on doing certain things. That’s what I would suggest somebody coming up and also as you are doing cut and sew for others maybe develop your own brand. Like you were saying go on the internet and use that direct to consumer and keep on doing for others.

Researcher: So have the backup too maybe.

Interviewee A: Yeah.

Researcher: Ok. Well that’s all the questions I have is there anything else you wanted to state, opinions or anything.

Interviewee A: No.

Researcher: No ok so I'll stop the recording. Do you mind can I have a quick tour?

END OF INTERVIEW

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Catawba Creations (Hildebran, NC) - Interviewee B

Researcher: I looked online and found that guys were established in 1970. Can you give me a little more background about how Catawba Creations got started?

Interviewee B: I've been in textiles all my life. Even in Germany, you have to be an apprentice just to be a salesperson.

Researcher: So you’re from Germany?

Interviewee B: And you learned the fibers, everything then I met my future husband and came here. And I came in 1958 and I started the business in 1970 and we decided we didn't want to work for anyone else, work for ourselves.
Researcher: Be your own boss.

Interviewee B: So we got some machines and started in the basement. It just grew from there you know, and then you know how the business went years ago, cause we always had 40 to 50 people and now we down to 8. And we had our planned actually in the next little town in Long View. And in 1989 we burned up totally.

Researcher: Oh really.

Interviewee B: And we happened to have this property so we built here. And we were only out of work for two weeks cause we had that little building down below here. We had bought a plant out so we used those machines and put them in that little building and we worked. So it worked out good. So it’s been years, I usually, I have customers that I have had for years. My sportswear customer I had him for 16 years. And I do his whole line everything in his catalog. And then we do what do you call it? Cancer - we do a mastectomy wear. I had her for twelve years. So they are steady customers and then, as you know, we have a textile district here. She asked me to talk to you and you get customers from there but quite often it's a onetime thing.

Researcher: Yeah that's what I see to keep hearing.

Interviewee B: A housewife, when she wants to do something she starts here. You got to get started, and then it doesn't work out for them, It's good to have this steady customers you know.

Researcher: So your husband, did he have a background of textiles as well or did he kind of just took your lead?

Interviewee B: When we started the first machines, he takes the machine completely apart.

Researcher: Oh really.

Interviewee B: To make sure how they work and put them back. He could fix all our equipment.

Researcher: That's good.

Interviewee B: He was very handy he passed away couple years ago.

Researcher: Oh I'm so sorry.

Interviewee B: And my kids wanted me to sell, but I don't like to stay at home.

Researcher: You wanted to keep working.

Interviewee B: And these people are with me 30, 40 years. One of them since beginning, two almost since beginning. One she's 83 now.
Researcher: Oh really.

Interviewee B: It's like we family, they all know what to do; we don't have to constantly supervise. So I can handle it by myself, I don’t need a supervisor, I don't need a bookkeeper, it keeps the cost down.

Researcher: So your background did you study any textiles in Germany.

Interviewee B: Yes, when you are an apprentice you have to go to school about 3 years, I mean, you go only one day a week, and then you have to pass the test.

Researcher: Oh okay.

Interviewee B: Okay.

Researcher: Like a written test.

Interviewee B: It's oral and written, because you have to go to the board and be interviewed. It’s actually good idea. They train people so because here when you go in an electronic shop for instance they don't have a clue as to how that works. And they try to tell you what to buy.

Researcher: So it's the sales people.

Interviewee B: So this apprenticeship, it's really a good thing. You don't earn much money. It takes you a whole month to work to buy 1 dress.

Researcher: Really.

Interviewee B: Yeah but after you pass your test you go on salary.

Researcher: Okay.

Interviewee B: And that's the way it works.

Researcher: Interesting, so your typical clients I know you said that you had some that had been here for sixteen years and more. Are they larger corporations or do you work with smaller businesses?

Interviewee B: There's small, I mean this one he has a catalog and he sell from a catalog, but he's my main customer he does very good for us.

Researcher: Where is he out off...

Interviewee B: He's out of Ohio.
Researcher: Oh okay.

Interviewee B: My camisole lady is out of Michigan. And we do like four or five hundred of those camisoles a week you know.

Researcher: Yeah those are popular.

Interviewee B: Yeah, it's a shame that it has to be for mastectomy, it's a shame that has so much going on you know.

Researcher: What probably like the largest run that you guys have completed? Do you know.

Interviewee B: They are smaller orders, except the camisoles, it's the same thing all the time, but on some days. If he doesn’t have something in stock and needs six garment to fill this order, we cut in that night the next day it goes out.

Researcher: Wow, that quick of a turnaround I was going to ask .That's pretty nice for him like he don't have to hold like an inventory.

Interviewee B: It's good when you have a relationship like that, you can trust each other, so really we don't have big one anymore. It's small orders. Sometimes 200, 300 garments of a style.

Researcher: Did you used to have bigger runs?

Interviewee B: Yeah, we were working for Adidas, for Nike. I’ve still got the labels on the shelf there.

Researcher: Oh really

Interviewee B: And that all went you know overseas you know. So we had some rough, rough times. Now it's going fairly smooth, it's enough to keep these girls busy and the business opened.

Researcher: Did you get scared when the business started going overseas?

Interviewee B: Well we were worried. Of course we were, you know but,

Researcher: You’re still here. So how would you define, Catawba Creations role in domestic manufacturing? I know you producing here so…

Interviewee B: We call ourselves a cut and sew contractor. That's what we are, you know, the customer supplies everything except the yarn.

Researcher: So they need to have their patterns and samples ready.

Interviewee B: Yes they have to supply the mail patterns, the fabric. Most of the time, elastic, I supply too. Some of them buy their own.
Researcher: Have any of your clients worked overseas before and now they coming to you?

Interviewee B: No they have not. This client from Ohio, the only thing he has made overseas was some cheerleading outfits.

Researcher: So he's working with both kind off.

Interviewee B: Yes but it's very little, and he works with a sock company because he carries cheerleading socks too.

Researcher: Do you have one of those catalogs? I'd love to take a look.

Interviewee B: Yes I have, I have one. I have to beg for a catalog every time. I think this is it.

Researcher: Thank you, and typical turn around I know you said you can have it ready overnight basically.

Interviewee B: Sometimes if it's very important then it's ship it at to the customers you know if they have to have it at certain time.

Researcher: Okay.

Interviewee B: That's how we work together.

Researcher: What about the newer clients that you said, like a small housewife comes in. How long does that usually take?

Interviewee B: Like the ones I've had I ship to them but they had to everything in the same way the other people do, you know, and then I fix it, usually the most I take is 2 weeks.

Researcher: Okay.

Interviewee B: Depends on the size of the order.

Researcher: Do to feel that partaking in domestic manufacturing gives Catawba Creations or your clients a competitive advantage?

Interviewee B: Well, yes. I'm very reasonable, yes, I really try to do it enough that I can make it but don't gouge them so that they can stay in business, so they I think they are really competitive.

Researcher: So would you think that's one of your incentives, is that you can keep kind of their cost loads as well as much you keep yours.
Interviewee B: Yeah

Researcher: Do you feel that domestic manufacturing is returning within apparel…

Interviewee B: It has some, it has some, it will never be like it was, that won't happen again, but it's time, let me see who was it now, somebody was gonna come back. I cannot remember the company’s name.

Researcher: Was it a bigger company.

Interviewee B: Yeah it was a good size company.


Interviewee B: Yeah that's it.

Researcher: I've heard talk about it.

Interviewee B: Yeah talk about it, I don't know if they actually ready to with yet.

Researcher: Not much action but definitely talk.

Interviewee B: I feel like if they ever pass the law about the export/import duties, that’s being not paid when it comes in to us, if that ever changes I feel like people will come back a little bit more

Researcher: Yeah

Interviewee B: If they have to pay bringing the goods in too, you know cause right now they don't.

Researcher: do you think these bigger companies, they’re just waiting for one big company to just do it before they all jump into it.

Interviewee B: I don't know, I think they all pretty much, do what they want to. No I don't think so.

Researcher: Okay, so can you think of any other big name companies you've heard of coming back, I mean any names.

Interviewee B: No.

Researcher: Do you think anything hadn't proven to be beneficial for domestic manufacturing?

Interviewee B: I can't think of anything.
Researcher: No, that’s good then. Do you think there's any trade-offs to be taken if you do decide to produce domestically? For example, like, you can't have a brick and mortar store, it's more e-commerce, because you saving I guess funds.

Interviewee B: Well domestic is an advantage if you have quicker delivery. It's much quicker than to sit in port to come here, you know. And you can depend on it being here a certain time when you might need it. That’s the biggest drawback to me.

Researcher: I agree, and also not having to buy huge quantities.

Interviewee B: Yes exactly. They won't cut twelve garments and ship them, you know, it doesn't work.

Researcher: Yeah it doesn’t happen like that.

Interviewee B: No.

Researcher: What would you say to someone, cause I know I've heard people that have the idea of, well, I could get a sample size quicker in China than I could at my next door neighbor. How do you change their mind? I mean it's sounds like it's not true here but.

Interviewee B: No. because we work very quickly. No I don't see where they can get it quicker In China.

Researcher: I think it's just the mindset of people that think they can. Would you say you’re optimistic about the future of American manufacturing for textiles?

Interviewee B: Yes, yes I am. It never will be like it was, I don't think so, you know. Textiles is starting to come back a little bit because people some people do say made in America. And that program has actually helped some by USA makers. But socks I don't think they'll come back.

Researcher: Yeah kind of what I heard from a couple of people was, you know, socks, t-shirts your basic needs.

Interviewee B: Yeah, I don't think that would come back.

Researcher: It's too much. Yeah, you were talking about the made in America, it's funny, I shop at a store called Francesca’s, and it's just like a little boutique and I've been noticing recently that they do have some if the tags, I checked the tags and it said made in America but I'm always like why aren't you guys advertising this, you know, cause it is kind of a selling point.

Interviewee B: It is a selling point. Some people don't care, they go to Walmart.

Researcher: They don't look at the tag.
Interviewee B: I do not set foot Walmart. I hate that store.

Researcher: Oh really.

Interviewee B: I hate that, I hate that, they have put so many people out of business. China’s biggest customer. And now I heard too that they will not take Visa, credit cards any longer.

Researcher: Why?

Interviewee B: Cause Visa charges a higher fees than other credit cards.

Researcher: That’s crazy that they can do that too.

Interviewee B: Walmart can do anything they want.

Researcher: Yeah they can do anything they want.

Interviewee B: And it started out as made in USA that what the old man started it for.

Researcher: Where do you think that textile industry and some goods is headed in the next five or ten years?

Interviewee B: It will pick up a little bit at times, it's not gonna be a big surge for people coming back you know, it's gonna take a long time and I don't think 5 or 10 years going to do it might take even longer.

Researcher: Great, what about trends that you've seen? You’ve been in the industry for so long, what have you seen that’s been beneficial and not good, you know? You've kind of seen the good and the bad.

Interviewee B: Well, I mean, the good thing is that I'm still here, but it was a lot of sacrifice you know it took a lot to get here, like I said the export and import stuff that's killing us.

Researcher: What kind of sacrifice did you have to make?

Interviewee B: Not take a salary, you know, work long hours. That happens. But we’ve been so fortunate since it’s so unsure at business none of my children want to come in.

Researcher: Really, do they have anything to do in the textile, sewn goods industry?

Interviewee B: No, our oldest one, I’ve got one up there and one down there. One is a pilot; the second one is a diver.

Researcher: Yeah (laughter), I thought you meant North and South, you now I know you really meant that one goes up, one goes down.

Interviewee B: And the one that's a pilot, he's lucky he works for big company and if I need for
some reason I'm not good on computer, I'm computer idiot, I can do with what I need business wise but if need some help and he's right here at the airport if he's not flying they let him come out here. If I have a problem with a machine and I can’t get ahold of a mechanic quick enough, he comes and fixes it. So it’s good to have him close by and what my third one is doing, he sells building supply, my last one she was teaching for 23 years she quit teaching, it was pay enough to send our kids to college you. She worked at a Catholic school, she was in charge, they pay less.

Researcher: Really, I would think a private school.

Interviewee B: No they pay less, so she works now for a company they have stations on TV, discovery, she works for Discovery. But she is in the school supply; she sells digital textbooks to the schools systems not to individuals.

Researcher: Yeah the digital books are becoming very popular.

Interviewee B: That’s what she’s doing and she loves it. So she's still in the education part.

Researcher: So she lives in Charlotte.

Interviewee B: Yeah she lives Charlotte, travels a lot.

Researcher: Do you think you still have any competitors around here?

Interviewee B: No, we all really work closely together; we don't see ourselves as competitive. We've been like since the beginning. When we started and we needed help, how do we do this, how do we pass the garment up? People that were here were glad to help us you know. It's really there's no competition, none whatsoever. We all work together.

Researcher: Did you notice the people that you were contributing and partnering with, I guess like back in the 70s, did you see some of them drift away?

Interviewee B: Well, they’re all closed. There's nobody left here. For a long times there's only two of us left and we used do have several garment manufacturers here in town. Have you met Molly?

Researcher: Yes.

Interviewee B: Okay, Molly started a couple of years ago. I actually helped her get started.

Researcher: Yeah Opportunity Threads…

Interviewee B: So there’s competition between us whatsoever.

Researcher: Yeah and that's what I've been noticing, it's more of a partner.
Interviewee B: I'm not sure if it’s everywhere like that but here in this area we do.

Researcher: So, you said you guys have always been partnering, even back in the day, did you ever feel competition? Because I know that some people say that’s kind of why they felt it went overseas.

Interviewee B: No because when times were good, we had like 40 to 50 people. We were satisfied with what we had and everybody did their own thing.

Researcher: Yeah

Interviewee B: So no we never really worried.

Researcher: So what would you say your opinions are on consumer’s awareness and knowledge? I know you were talking about some people don't even care, they’ll just go to Wal-Mart, it doesn’t matter. How do you think we could get people to change their mind or pay attention?

Interviewee B: You know they used to we don’t even do that anymore. They used to say advertisement on TV buy American made goods or made in the USA goods. We don’t do that anymore. They slacked off in that, but you know we really need to educate the people. You got to support this country, not China or Japan or whatever. It will never be without China or Japan. They will still be the biggest one but we just need to do that. But you don't hear of many new ones going now overseas because there for awhile everybody left at the same time. You don’t hear that anymore. It’s not getting any worse I don’t think.

Researcher: Yeah I think that people are starting to weigh their options and say maybe…

Interviewee B: Yeah, but see like here’s big furniture, this area. They can’t get help. They go so much work, they can't find enough people to work.

Researcher: Really.

Interviewee B: Furniture has come back quite a bit because it was sent to China and people did not like the quality when it came back. Cause it was actually not completely made up, it came in pieces and it’s assembled here. And even the worker said it was lousy work and people complained about it and furniture is doing very well again. About 2 months ago I heard a figure that in Catawba County alone the furnish industry was looking for 1100 people to work.

Researcher: Wow.

Interviewee B: So our community college started a class in teaching young folks or who whoever wanted to come how to work with furniture, how to sew the furniture, how to tack the chair, whatever is connected with furniture and you know it's helping some. And furniture pays very well. But when they all closed up and went overseas, they let so many people go, and they are now too old to come back and the young people didn't go into furniture, so they having a
problem.

Researcher: That's kind of what I gave been hearing for textiles to you know.

Interviewee B: Yeah it's true because nobody wants to get into that.

Researcher: Yeah, or at least for our generation we’re taught go to college.

Interviewee B: Yeah everybody wants to go to college.

Researcher: Instead of get a trade, or go to technical school. Do you work with any overseas clients or brand?

Interviewee B: No.

Researcher: How did you become a member of the Carolina Textile District?

Interviewee B: I was here right in the beginning, it’s when it started out.

Researcher: Did they reach out to you or did you find out about them, how did that work out?

Interviewee B: No, they contacted me and, you now, and it was right from the beginning. Every time we had a meeting somebody new came in. It really sort of grew. I don't think we have many more members now. We’re not meeting as often as we used to.

Researcher: Would you say that it has helped your business?

Interviewee B: Yeah, plus the fact that you were familiar with the rest of the group, for instance, label making and packaging supply. He joined a little bit later. Now if our customer needs laboring or packaging supply we refer to him. He brings it over here when I have labels coming in. So you know I think it was a good idea and it was needed.

Researcher: How do you think, I know you talked about you had a cut in your own salary, how do you think Catawba Creations survived or adapt? Did you have to adapt once the industry did go overseas?

Interviewee B: Yeah, well we had to lay people off, that was the main thing and that hurts, you don't like to that to anybody you know. That was the main thing you had to lay people off. And that really was the sacrifice you know that people lost their jobs, not taking any money home.

Researcher: What do you think is some of Catawba Creations greatest achievements?

Interviewee B: Being still in business, I really think so.

Researcher: Pretty good one. So what would you say to someone who wanted to open a cut and sew factory, you know, to help add more domestic manufacturing? What would you say, like
words of advice, the do’s and don’ts.

Interviewee B: Well that's why I give Molly my advice, see, if you can get steady customers and she has one thing steady the quills she makes.

Researcher: Yeah the product recuts.

Interviewee B: I think that's the only steady thing she's got you know and I told her, once you get to, then you don't worry so much, am I gonna have something else, and I don't have to change so much. Like with me my girls know how to make the garments. I don't have to worry about it.

Researcher: Right it’s all about planning that one.

Interviewee B: And they all know different equipment, they all use different equipment nobody uses just one machine. And if I need her on this machine she’ll go over there. I don't know if I would advise anyone to get into it. You need to have a little more coming back and like you said you can't live with this little mom and pops.

Researcher: You have to make sure they’re successful first.

Interviewee B: And you really don't find out until afterwards. I got three new customers, two of them I already got the fabric in, one of them is going to be ski pants with an attached skirt.

Researcher: Interesting.

Interviewee B: And I got her fabric, it came in last week from Taiwan.

Researcher: Okay.

Interviewee B: The main fabric but the little fabric it came in yesterday, and it just dumped in a box and I can't work out of a box. It has to be unrolled. You can't work like that. And then the next one is small children wear, boys and girls. It's from 3 months to 4 toddler and it's organic, everything is the fabric is organic, the thread is organic, they can't find organic snaps.

Researcher: Yeah I don't even know how you do that.

Interviewee B: His fabric came in already you know so that one will be going and the next one is a kitchen towel. See how nice and big this is and then it's going to be screen painted and it's going to have a hook.

Researcher: Do you do the screen painting as well?

Interviewee B: No she does the screen printing herself. Right now she's debating whether to buy the fabric already painted. The only thing is that it make cutting a little more difficult. You have to wait and see how that comes out. So that’s why three customers fell out. That came through
the District.

Researcher: Are they local or kind of spread out?

Interviewee B: No. Minnesota. Ohio.

Researcher: If someone doesn't have a pattern ready, you can kind off send them off to someone else, right?

Interviewee B: Well yeah, that's what the Carolina district takes care of. Make sure you get the pattern.

Researcher: Before they even come starting to you.

Interviewee B: No, we really talk first. They send us usually a picture or something on a computer and say I want on the garment. Yeah there's another customer down the road here. I with him for some years and years ago. He actually specializes bike wear, bicycle socks, men’s sock that kind, and he wants to get into garments. You know this program that they’ve got now they make one sample and put in on the Internet and they leave it on there for maybe a month and take orders and if they get enough orders after a month to make it worthwhile to go into this garment then they make this garment so they never carry any inventory.

Researcher: Oh I see it's like the kick starter idea.

Interviewee B: Like a kick start except it's not for money it's for orders. So I'm working with him on that. He came here last week. He hired a designer to get something started.

Researcher: The other companies that are cut and sew in the area are they still existing.

Interviewee B: Well Molly is still here.

Researcher: Oh Molly.

Interviewee B: Molly is here and there is somebody that makes flags, all kinds of banners and flags, even real big ones. They just moved their factory. There’s not many in this area.

Researcher: How was it, getting Molly started? Was that an interesting thing?
Interviewee B: She actually initiated Textile District. She started it, she's a smart girl. She’s a very nice girl.

Researcher: Yes she told me her background was in Spanish and she was a teacher

Interviewee B: And she’s got only Puerto Ricans.

Researcher: She said that they were…
Interviewee B: They’re not Mexican I don't think.

Researcher: No I don't think so either. Yeah, immigrant workers. I have my interview with her Thursday.

Interviewee B: She asked me for advice and I showed her what we were doing and then she started you know. And sometimes she had to have something cut and her knife wouldn’t do it. They come over here and use my knife, you know, you got to do that. And I'm thinking maybe this is just between me and you.

Researcher: No recording I got it.

Interviewee B: I'm sort of keeping in the back of my mind, you know, I'm getting older, and if I were to retire I would like for Molly to come in here and take this one, take my customers.

Researcher: Kind of merging the two together.

Interviewee B: I don't know when because he's always worries, he said, Doris, what am I'm going do if you decide not to do this anymore, where am I going to go? He’s got all his eggs in one basket. I said, well, I tell you what, I'm going to work till I’m 90 and then I’ll give you two years notice.

Researcher: Two years notice.

Interviewee B: I don't know when because he's always worries, he said, Doris, what am I'm going do if you decide not to do this anymore, where am I going to go? He’s got all his eggs in one basket. I said, well, I tell you what, I'm going to work till I’m 90 and then I’ll give you two years notice.

Interviewee B: So he hasn't brought it up again, but as long as I feel good why not. Where are these girls going to go, you know.

Researcher: You said that you found a new worker, did she already have a skill sets?

Interviewee B: I'm pretty much training her.

Researcher: Okay. What are your opinion on the younger generation not really having that trade because I'm guessing all of your workers have been with you a long time.

Interviewee B: I don't know I don't know if they just think it’s beneath them to go into this.

Researcher: I think some might field.

Interviewee B: I think they kind of, they all want to do something in an office or, it’s great to have a college education, I don't have anything against it, but it's not for everybody.

Researcher: I agree with that statement. I saw a lot of my friends go to college and…

Interviewee B: We need plumbers. We need good auto mechanics, all that stuff. They need college but when you go to graduation from school everybody goes to college, very few that does not. If they can’t afford college they do a community college first. My grandchildren to I
want them to go college.

Researcher: I was going to say, I’m seen so many waste their college... Have you passed on the trade to your grandchildren or children?

Interviewee B: They not interested.

Researcher: Do they even know how to sew.

Interviewee B: No, plus the fact that they know how we struggled, you know, and they really want to do better, not have to struggle.

Researcher: You say struggle but you’re still here so it's something to be proud of. Well that all I have. Do you have anything that you want to add?

Interviewee B: So you working on your masters or what.

Researcher: Yes I am

Interviewee B: Well that's great. (37:24).

END OF INTERVIEW
Mamie Ruth (Savannah, GA) - Emily Bargeron

Researcher: So to get started, you can give me a little bit of history about how you got into Mamie Ruth, I mean I know a little of the details… Named after you Grandma, your first big debut was kind of Charleston Fashion Week

Emily Bargeron: Yes, well, I went to school for fashion design but after college I just did jewellery. So I had a whole jewellery line and I started going to boutiques and selling the jewellery line wholesale so Mamie Ruth was actually was a jewellery line before it was a clothing line. So I did that for a couple of years but I always like made my clothes you know I would go like music festivals or different shows and people would always ask like where I got it and so I would make clothes for like friends and things like that. Then I did Charleston Fashion Week and got like a really great response on that, probably the first collection that I have done. And then after the Charleston Fashion Week I went out to boutiques and things and started selling the clothes to stores. I just shorts and miniskirts because it was like the only thing I could produce fast enough.

Researcher: Yeah.

Emily Bargeron: And cheap enough to to be able to like wholesale it, to boutiques so I did like miniskirts out of different like vintage fabrics and so they were all like one of a kind. Which I think that made them you know really different and special. And then I had one lady who started helping me and were able to like produce more and then added different styles in and the hired another person to help me and then found manufacturing and just started growing the wholesale side of it. And then after like growing the sales side I had stores that dropped orders I just had so much inventory and that’s when I was like I should definitely have a retail store.

Researcher: Yeah.

Emily Bargeron: Because we have so much inventory like.

Researcher: Yeah.

Emily Bargeron: Enough inventory to fill up a store so that’s whenever we opened the retail store here.

Researcher: What year did the store open?

Emily Bargeron: We’ve been open for about a year and a half.

Researcher: Okay.

Emily Bargeron: So whatever that is 2014 I think it was like November of 2014 so.

Researcher: Okay.

Emily Bargeron: Just yeah.

Researcher: So talk about because I know you kind of got started with just a older lady who was a seamstress maybe. And she helped you fill orders.
Emily Bargeron: Yes.

Researcher: So when you started to look for a cut and sew facility of manufacturing how was it? Was it difficult?

Emily Bargeron: It was very difficult.

Researcher: I remember.

Emily Bargeron: Yeah.

Researcher: I think you told me a couple years ago.

Emily Bargeron: Yes.

Researcher: It was hard.

Emily Bargeron: Yes.

Researcher: And once I did find them it was kind of a secret.

Emily Bargeron: Yeah for sure and I still feel that way. It’s very, very hard to find a place that you feel comfortable with and like I think most of the manufacturing like that’s around here are, they’re so used to doing like t-shirts.

Emily Bargeron: They were more like sewing tape on uniforms.

Researcher: Right.

Emily Bargeron: Like very like basic things that. So whenever I would go in to talk to them about producing our line they were scared of it at first because it was something that they weren’t used to and there were so many different styles. It was just different. So I got a lot of resistance in the first couple of times that I approached them. It took three times going to the same place before I could convince them.

Researcher: Really?

Emily Bargeron: Yeah

Researcher: And finally they were like you are annoying.

Emily Bargeron: Yeah [laughs].

Researcher: We’ll do it.

Emily Bargeron: But I knew they had the ability and our pieces are like very simple like.

Researcher: Right.

Emily Bargeron: We have elastic waistbands you know like it, it’s very like bohemian so it’s like flowy and pretty easy cuts. So I knew that they could do it, it was just about like taking the time to like create the patterns and really get started on it. So that took a lot of like, I have been working with them now for about 4 years so I think that once it starts working it works really well. We’ve also reached out to a couple of other manufacturing places, one in South Carolina but I mean it didn’t work out so well.
Researcher: Really?

Emily Bargeron: Yeah. It’s just.

Researcher: What area was it?

Emily Bargeron: I never actually, I got it, I found it on Maker’s Row.

Researcher: Oh okay yeah.

Emily Bargeron: So I never actually been visited their facility before. It was, we were in a crunch. Our current manufacturing had fired one of the lady’s that was doing the sewing. So they weren’t getting it done in time so in crunch I just hired this lady off of Maker’s Row and everything came back smelling like fish that was so weird.

Researcher: That’s weird. [laughs]

Emily Bargeron: Yeah but that’s totally been, like, one of my bigger issues. But now they do like smaller runs they basically do whatever we need.

Researcher: Yeah.

Emily Bargeron: Like which is really nice and I love working with them because I mean the ladies that do the sewing there are like my grandmas.

Researcher: Yeah.

Emily Bargeron: And they love to do it which makes it like a lot you know easier to work with when they enjoy it.

Researcher: Yeah that’s what I found.

Emily Bargeron: Yeah.

Researcher: All these ladies are like retired and they’re like oh I just want to work a little bit.

Emily Bargeron: Yeah.

Researcher: [Laughs].

Emily Bargeron: Yeah, yeah which is nice but at the same time, you know, it’s hard not to want to start like have in house production because it just seems more efficient. Yeah because you know how much they getting done in a certain amount of time. Yeah when I send them a hundred pairs of shorts and they haven’t done them in two days. And I am paying per piece and I, you know you do the math of how long it took her to make those shorts so that you know it didn’t take her that long. So then you think, like we’ll actually just like have seamstresses hourly because it’s going to be more efficient. But especially with a bigger order because I’d know that I would be able to keep them busy.

Researcher: It’s hard to find the technical skills, right?

Emily Bargeron: Yeah. Well, not the technical skills but just like I mean. The ladies that are sewing right now would want 100 percent like, like want to just work for me.

Researcher: Yeah.
Emily Bargeron: But at the same time it’s like you have all these machines.
Researcher: Yeah.

Emily Bargeron: Like you have to have the insurance on all this machines, on the building like there’s so many like things that go into it. It’s hard to make it make sense but it would probably be cost effective. Also just because I think it will be cool to have a manufacturing that is for, like, to be able to help other small designers start their lines, because that is the hardest part.
Researcher: Yeah.

Emily Bargeron: Being able to have the communication with a manufacturing company.
Researcher: How did you hear about the one that you’re working with?
Emily Bargeron: I just, I drove past it a lot.
Researcher: Okay and you said that they did like uniforms.
Emily Bargeron: Yeah.
Researcher: Okay. Do they have any other entrepreneurs or is it just kind of…
Emily Bargeron: They’ve had a couple, they’ve had this one line called Kate Winston.
Emily Bargeron: She does Christmas tree skirts and stockings.
Researcher: Oh.
Emily Bargeron: Like random home décor like stuff.
Researcher: Oh.
Emily Bargeron: So they did a lot with her. She had an order with, like, Ross maybe. And it was a huge, like 10 thousand piece order and they did that. But then also like if a company gets shirts, like this one company ordered shirts from china and all the sleeves were too short so instead of sending them back to china which they, would be really like you know ineffective they turned them all into short sleeve shirts. So they do stuff like that. Like if something is like broken or messed up they fix it.
Researcher: Yeah.
Emily Bargeron: So they do odds and ends
Researcher: That’s a good thing
Emily Bargeron: Yeah, odds and ends. Little, like, projects that they do. They do Bailey Boys, which is like a kid’s line. Or they worked with them for a little bit. But they’ve been doing ours consecutively for…
Researcher: And it’s was nice that you can just drive there.
Emily Bargeron: Yeah.
Researcher: That’s kind of like what I have been talking about too, the face to face interaction.
Emily Bargeron: Yeah that’s like.

Researcher: If you get kind it from China

Emily Bargeron: You don’t have that, right. Yeah, I enjoy having the face to face, being able to, you know, it is what our brand is about too. It’s just like, you know, relationships.

Researcher: Yeah that’s kind of my next question. I know the tag that used to say made in the USA as well.

Emily Bargeron: Yeah.

Researcher: Does it still have?

Emily Bargeron: It still has that.

Researcher: Okay right so explain to me what was it?

Emily Bargeron: I mean it’s kind of like, I guess it’s just the personality, the brand is, you know, just like fun. And I guess when I started made in the USA it was just like the obvious because that’s, it’s the easiest when you don’t know anything.

Researcher: [laughs]

Emily Bargeron: Because like I know that I am making it.

Researcher: Okay.

Emily Bargeron: And then finding manufacturing. I don’t know how to communicate with Chinese manufacturing. Or like anything really. So keeping it domestic was just like, it’s just what I knew. But I am not, I mean. Made in America is like I think that it’s important because they are so many like ladies who grew up in that industry.

Researcher: Yeah.

Emily Bargeron: And, you know, it’s what they’ve done their entire life. They have the skills but then when everything went overseas these people just lost their jobs and stuff so I think that having people who are good at it, those resources, we should definitely use them. But there are so many things that like, it’s hard to not just want to like [laughs] because you, because I mean the number one thing that you hear the most is that the price is too high. And that’s something that we can’t really adjust.

Researcher: Yeah

Emily Bargeron: You know we do the best we can but its.

Emily Bargeron: It’s hard to like you know look at two pairs of bell bottoms, you know, and then one is made in USA and is 140 dollars, one is made in china and it's 40 dollars and even the customers who say they care are going to buy the 40 dollars one.

Researcher: Yeah.

Emily Bargeron: Because it’s like what you can afford.

Researcher: Right
Emily Bargeron: And then the moment like you’re not thinking you know it’s, it’s just hard because I appreciate things that are made in USA but I mean right now I probably have like 4 things made in china.

Researcher: Yeah.

Emily Bargeron: Like, you don’t think about it.

Researcher: Yeah

Emily Bargeron: Right.

Researcher: [Inaudible]

Emily Bargeron: Yeah right.

Researcher: [Laughs]

Emily Bargeron: So it’s hard not to just like sell out.

Researcher: Yeah.

Emily Bargeron: Because you know it’s like I don’t know, it’s definitely.

Researcher: So you kind of started doing USA because that’s what you knew and you didn’t know...

Emily Bargeron: Yeah it just.

Researcher: And you feel like now, if you do get bigger orders, do you have the idea that you might move out?

Emily Bargeron: Maybe. I don’t want to say that I, I don’t want to say that I never would.

Researcher: Right.

Emily Bargeron: I mean I would love to be able to keep it made in the USA but it would take everyone completely changing the way that they think. Because, you know, if price is always going to be number one then it’s, and we want to be successful, then we have to do whatever we can do to make it at a price point. You know what I mean? So it’s a hard, like, back and forth.

Researcher: That’s actually like one of my questions at the end, like, what do you think, how do you get people to care? You know they say they care but at the end of the day… When you’re in the store.

Emily Bargeron: Yeah and the other day I was asking my interns what do you think because we do our graphic tease. And they all like hand cut, hand distressed.

Researcher: Oh yeah.

Emily Bargeron: And we put all little holes in them. And the rips and tares and we, it takes a lot it’s a lot of work to do all of that and it’s not something that our manufacturing could do, necessarily because it’s not producing, it’s tearing it apart.

Researcher: It’s very like customised.
Emily Bargeron: Yeah it’s very like customised so and that’s something that China is making distressed t-shirts.

Researcher: Oh, really?

Emily Bargeron: Yeah. So that’s something I’m like we have to find a way. Belk ordered 800 distress t-shirts. I can’t sit in here and hand distress 800 t-shirts. It will be impossible. So we have to figure out either American manufacturing that can do it. Because I have already heard feedback from people when they heard that we won the Belk competition, you know, just like comments on pictures or whatever and they’re like, man, we just hope you don’t sell out, you know, I hope you like keep it American made and like all stuff.

Researcher: Really?

Emily Bargeron: Yeah like people are commenting these things. And like so because it is the tag says made in the USA.

Researcher: Yeah

Emily Bargeron: So it’s partially like, go back on that now? And we’ve pushed that so hard. But then, at the same time, it’s like we have to be realistic on what we can and cannot do.

Researcher: Right.

Emily Bargeron: So it isn’t very hard line to cross because like I don’t want to do it but also at some point I don’t know I have to.

Researcher: Yeah if it’s not here.

Emily Bargeron: Exactly. So I don’t know it’s a tough call and, and with the like made in the USA you know like our fabrics, I don’t know we buy a lot of dead stock fabrics. We buy closeout lots, whatever, if I like the print I just buy it.

Researcher: Yeah and you do it in New York right.

Emily Bargeron: New York or LA. Yeah.

Researcher: Okay

Emily Bargeron: So, you know, the fabrics I don’t know where they from.

Researcher: Right.

Emily Bargeron: So like if we push made in the USA so hard but if the fabrics are made in China what’s the difference?

Researcher: Right.

Emily Bargeron: Like you’re still already like.

Researcher: Yeah

Emily Bargeron: People you’re not saying it but the fact, if the fabrics are made in China, then you still like…
Researcher: I have seen some tags now that are trying to be transparent be this is where everything came from.

Emily Bargeron: Yeah, because being in California you have to.

Researcher: Oh really.

Emily Bargeron: You know how they like so ahead of everything but really think you have to put made in the USA of imported fabrics.

Researcher: There’s a lot of big cut and sews in California although I have heard the minimum wage is changing so there’s theory they all will come to the southeast now.

Emily Bargeron: Yeah, I can believe that. I feel like there’s a lot of people who have that skill but the fabrics you know like I said we aren’t at a point where we can produce our own prints. Our line is based on the prints. Like it’s very print driven. So it’s hard to really know where all the fabrics are coming from.

Researcher: Right.

Emily Bargeron: So ultimately I would love everything to be able to, you know, fabrics and everything to be made in USA but.

Researcher: Have you ever manufactured any of your own textile?

Emily Bargeron: Some but the price, like, we’ve done some just like on Spoonflower.

Researcher: Oh yeah I went to their facility it’s a cool place. Did you know they are opening in Berlin? They have an office now.

Emily Bargeron: Oh wow.

Researcher: I thought it was cool.

Emily Bargeron: Yeah so our graphic designer has done some prints but we haven’t gone into production with them, because with most prints they would need like 500 yards.

Researcher: Yeah it’s a big.

Emily Bargeron: Of one print. It’s a lot to commitment to.

Researcher: Yeah.

Emily Bargeron: So we just haven’t done that yet.

16:08

Researcher: So does Mamie Ruth has a defined corporate social responsibility or a mission statement? Which, in my opinion, it would like made in the USA duh.

Emily Bargeron: Yes, I mean that is what it is. Our mission statement would be you know making clothes that are unique for people who want things made in USA and care about where the clothes come from the, the soul and the, like, our tagline is also like clothes with soul.

Researcher: Yeah it’s definitely.
Emily Bargeron: Yeah, it’s like, it’s about the feeling that you get when you wearing the clothes. 
Researcher: Yeah.

Emily Bargeron: And it’s about having fun and feeling good in your clothes. It’s, it’s definitely, you know like, supporting other local businesses like our manufacturing which is local and being able to use local graphic designers and anything that we can locally is always something that is important to us but being a business is you know being able to sell stuff.

Researcher: Yes.

Emily Bargeron: So, and we sell to some stores that are very conscious and they want stuff that is made in the USA like I would say 20 percent of the stores that we sell to are looking for that. We have a store called the conscience store. There’s another one, you know, we have a few that do, like, they buy only American made.

Researcher: Really?

Emily Bargeron: Yeah I would say like 15 to 20 percent.

Researcher: Yeah I feel like it’s just like a trend like the food market. Like you want to go to the farmer’s market, you want to see the farmer…

Emily Bargeron: And I think that that’s like a lot of what the brand is because we are we are big fish in small ponds there’s not a whole lot of designers that are southern that are actually selling beyond the south. You know what I mean?

Researcher: Yeah right.

Emily Bargeron: So people have that connection to the brand and I think that that helps sell it so it’s not even so much like that we made in the south it’s just like that we are in the south.

Researcher: Yeah.


Researcher: Oh actually that’s where Mom went this morning for the warehouse sale.

Emily Bargeron: So yeah they are designed on Daufuskie. But they’re all made in China.

Researcher: That’s what I was trying to find out. Okay that’s where it is because I was trying to tell my Mom, I don’t think this is made here.

Emily Bargeron: But they push that very hard. It’s almost like border line lying.

Researcher: Yeah.

Emily Bargeron: It’s very like designed in Daufuskie.

Researcher: Yeah because I thought they had like a shop there. And Mom was like no, there’s nothing there.

Emily Bargeron: Right, they don’t have manufacturing. It’s all made in China. It comes in the plastic. They do have like an outlet store on Daufuskie or whatever but it's very…
Researcher: It was crazy this morning. My cousins really like it so we going to get Christmas presents. They have a condo over in Hilton Head. And it was like we got there at 10:00, I think and it started at 9:30. There was a line to get a ticket and we got a ticket it was like number 1000 and we didn’t get in because they were only at number 400 so I don’t know if we’ll go back.

Emily Bargeron: Where was it?

Researcher: It was at the Hilton Head High School. It was crazy but I was like, yeah, all these older ladies. I was thinking this is going to go out just like Vera Bradley.

Emily Bargeron: Like I looked at it on Wikipedia. It’s like a multi-millionaire company. They’re huge. But that’s what they pushing. They’re pushing the southern, like we’re made in south or whatever but actually it’s all just made in China.

Researcher: Oh yeah, yeah.

Emily Bargeron: They're opening on Broughton Street.

Researcher: Oh, really?

Emily Bargeron: Yeah, like they're huge but that's the thing, they're pushing that feeling. But it's actually in China.

Researcher: Like they should go into Belk.

Emily Bargeron: Yeah, for sure, so it's like that. It's hard to say because obviously that's where I want to be. We want to be a multimillion dollar company.

Researcher: But still be able to say it. Made in the U.S.A, maybe south?

Emily Bargeron: Yeah, I don't know, it's so hard. As we grow, like I said, to produce domestically was just easy because that's what is right here. It's easy because it's an hour up the road or so more than choosing to produce domestically, it's just fell into your hands. So it's hard for me to say I never want to like to produce anywhere else because I think that ultimately I just want to be a successful company. So if that's what it takes then you know...

Researcher: Now you like being able to check on your manufacturing stuff.

Emily Bargeron: Yeah for sure. It would be to a point, we would have to have someone representing the brand at a facility somewhere. I definitely would still make sure that the clothes are made with it, ethically and like [both speaking inaudible], so I really feel like that as long as you know that clothes aren't, I don't want to make clothes in, you know, in someone's sweatshop, but if we could just make sure that people are treated with well and paid well for where they are then I don't see a problem really.

22:05

Researcher: Great. So I know we kind of talked earlier about the Belk Emerging Designers, so I just want to state the facts for the recording. Basically, you won that and you're going to be in 15 different Belk stores.

Emily Bargeron: Yes, and on Belk online.
Researcher: And it's an exclusive line just for Belk. You’re not going to be able to sell it in your store I'm guessing?

Emily Bargeron: You know, I don't know. They never really mentioned it. I probably would be able to sell it here. We’re keeping it, I chose to keep it a separate line mostly because we have boutiques that we already sell to and some of the places where they are like, the Belks like Birmingham, one of our bigger accounts Soca Boutique is in Birmingham, so I don't want them to feel like, oh she's selling Belk, cause we have like zip code protection. So like if you’re a store in Birmingham Alabama, we’re not going to sell to another boutique in Birmingham Alabama because like, you know like, this Soca wants to be the exclusive retailer of…

Researcher: Is that a contract through them or is that through you?

Emily Bargeron: It, it's through them, they're the ones that want it but we, especially for stores that place orders that are, you know, like they place good orders we'll protect, until like, I mean if a bigger account comes in and say's oh well we're going to place this order, then we, we kind of talk it out, it's business. But with Belk I think, you know, having like a completely different collection just protects us from that, so I don't have to worry about them thinking that there's going to be something else.

Researcher: Will it still be kind of the same price point?

Emily Bargeron: Yeah

Researcher: Okay, so that's not going to change.

Emily Bargeron: No, it will be around the same price point. It might be a little more inexpensive, just because it is such, like, the bigger orders, so they're placing, you know like, when our numbers go up the price point can come down because the manufacturer makes it cheaper. So, I mean I want everything to sell out in Belk. So whatever I can do to make Belk happy that's what I'm going to do.

Researcher: And we're talking about the manufacturing that you already have, they’re going to be able to like fulfil these orders.

Emily Bargeron: Yeah.

Researcher: Okay so, that's good.

Emily Bargeron: I’m going to make sure that I have back up already lined up. My friend Felicia has a, a factory, you heard of Factory Girls? So do you remember Felicia? I think you probably met her.

Researcher: Yeah from the trade show.

Emily Bargeron: So they have a factory, so they may do a couple pieces as well and then have...

Researcher: Do they have, I thought it was more like it was an incubator...

Emily Bargeron: It’s both. They also have manufacturing. Right now I feel confident in the fact that we'll be able to get it all done in time. They need the orders by the end of February, so yeah...
Researcher: You just want to make sure that your manufacturing, if they working on Belk doesn’t get behind on their small…

Emily Bargeron: Yeah, because we're still going to be doing that to.

Researcher: So, opinion question. Do you feel that taking in domestic manufacturing gives companies a competitive advantage over those who are not and if so why?

Emily Bargeron: I mean there's advantages and disadvantages. I think that the advantage, like I said, is being able to have the small runs. So, we hardly ever drop a style. Our manufacturing can make - whether we sell 3 or 30 they'll make them. So, you know, with larger companies who are producing in China there's no chance, you know, I think that the numbers are like at least between 200 and 500 pieces per style because you have to be able to have enough to make it worth it, so it's really hard as a small brand to get those numbers because you, you know, every season we probably have 40 skews, like 40 different garments that we’re selling and so we're not selling a hundred of all of those, so if, if one style you only sell ten of and you’re producing anywhere else like you’re just going to have to drop that, so we're able to produce those small numbers, so I definitely think that's one advantage of; you know, being domestic that you are going to be able to be more flexible with the amount of skews that you have. You know, being able to tailor things for stores, you know, our stuff is very young and contemporary so if we're selling to a store that has a little bit more of an older, conservative customer, we can tell them that we can like adjust the hem by 2 inches you know make it a little bit longer and stuff, so being able to do those things is not a big deal cause we are having that interaction. I'm talking to the person that's…

Researcher: And you told me about the story earlier of how the factory that you work with had to cut sleeves because they made them too short in China

Emily Bargeron: Right, right, right yeah, so like it's good to be able to know, to have control. I go in and I'm like, hey these like 6 dresses that you're working on just make sure that you do this hem 2 inches longer cause that’s for a special store. Just having that communication with them, I think that that's definitely the thing that gives us that advantage over the competition and I mean everybody, everybody likes it when something is made in the USA, to say that like it's the determining factor if they going to purchase something or not, I don't think it is. But when you just happen to buy something that is made in the USA, your proud of it and you like that but I don't think that it's what’s going to make somebody, you know, they're not looking in and finding where it’s made and then deciding whether they are going to buy it or not based on that. But I do think to being able to adjust things for, you know, the stores always helps. Also I think that it makes it more unique because when you're producing 600 of something and they going everywhere you’re more likely to run into someone wearing the same thing or, you know, which takes a little bit of the like the cool factor out of it. So if there are there's a limited run of the pieces, I think that it makes it a little more sought after.

Researcher: So what trades offs do you feel you have to make to produce domestically so what kind of disadvantages were you thinking of, cause what I have listed, for example, for trade-offs like maybe you’re only e-commerce or maybe you can’t have a brick and mortar, because you're putting all your funding into domestic manufacturing so what do you say about that?
Emily Bargeron: Well I think that like I said, price, obviously but I mean it's kind of hard because I think that price is the one that dominates the most.

Researcher: People are looking for cheap labor and cheap clothes [laughs].

Emily Bargeron: Yeah, you know, I guess not always but when you're, when your when you’re buying something, the determining factor really comes down to price. I guess with the customer that we are targeting, so it’s like a young and temporary college aged customer and those are the people who are like really drawn towards fast fashion and, you know, disposable clothes so that has to change. So I think that the price is probably the top thing that comes to mind.

Researcher: Okay. So another opinion kind of thing… What do you think - is the domestic manufacturing making a return within the US for apparel and textiles?

Emily Bargeron: I think so. I think that the more and more, the more and more that young designers are going out on their own they’re, they’re looking for that and I know that like just in Savannah there’s a couple of girls who are starting a production here.

Researcher: Oh really?

Emily Bargeron: For different small labels that are all Savannah based and, you know, talking to Felicia, she has young designers. Everybody wants to do it.

Researcher: Yeah

Emily Bargeron: And so I think that the people who are in fashion appreciate what it means to be made in America. People will say you know is this other designer your competition? So say, someone who has the same customers as me, who has the same esthetic as me, who is also producing their clothes here, you know, whatever, like a replica of me would that be my competition? But it’s not. Like that is what’s going to take to change the mindset of.

Researcher: Because everybody.

Emily Bargeron: Right so like everybody.

Researcher: That’s a good point.

Emily Bargeron: Yeah like the more young designers that there are that are doing the same things as me.

Researcher: That’s just clicks.

Emily Bargeron: Yeah that’s it just makes it click.

Researcher: Yeah

Emily Bargeron: It makes it click for the customers and my competition is China. My competition is Forever 21, H&M, the people who are making the really, really trendy things for such a low - that’s my competition. If someone opens a store right next to us with the same customer as us, that’s just going to help get more people here.

Researcher: Yeah.
Emily Bargeron: who are buying the same price point. I like supporting other designers who are doing this because that’s going to change the way people think.

Researcher: Yeah now that covers my other question [laughs]

**RECORDING 2 MAMIE RUTH**

Researcher: So still the same question, if you do think it’s coming back, what are some of the big companies that you know of that are, or small too, and I know that you’re talking about you want to help out your next door neighbor?

Emily Bargeron: Yes.

Researcher: So would you say that collaboration would be in order too maybe or?

Emily Bargeron: Wait, What was the question?

Researcher: So first question is can you name a couple of big companies that are doing American manufacturing?

Emily Bargeron: Like Chaser, you know Chaser?

Researcher: How do you spell that?

Emily Bargeron: C-H-A-S-E-R.

Researcher: Oh okay.

Emily Bargeron: They do like graphic tees and things. I know that Jen’s Pirate Booty, Show Me Your MuMu.

Researcher: Oh yeah.

Emily Bargeron: They may do some of their manufacturing overseas now. But I think that in LA there’s a lot going on out there. But around here I can’t think of that many. There’s one brand called… She has like a huge booth at mart and she’s really popular, she did something with the girl from Duck Dynasty.

Researcher: Oh they’re starting their own line aren’t they?

Emily Bargeron: She started by doing those colour block stuff for football games.

Emily Bargeron: Judith March!

Emily Bargeron: Yes, Judith March. She’s a big company and she does produce here and she’s like really, really popular.

Researcher: So then collaboration wise, I think actually you kind of explained, that’s a good point you’re not competition you’re trying to get everyone to like hey this is a good idea

Emily Bargeron: Yes, totally. So I would totally be down. I love collaborations with anyone. I just think it’s good to like... The goal is to change the mindset [inaudiable] the price point of
Judith March, of Show Me Your MuMu, all of these brands have the same price point as I do. You know so to make people understand this is how much it costs to like produce in the USA, then people will start to get it. It be one thing if they were producing for cheap and ours was really expensive but it’s all going to be around the same price point.

Researcher: Yes.

Emily Bargeron: So it’s just like those are all people we want to do things with and support.

Researcher: Yes. So I know we kind of talked about is domestic manufacturing coming back – it might be kind of slowly but still coming back – where do you think it’s headed within the next five to ten years?

Emily Bargeron: I think that it could be something that grows a lot. I think what will happen is a lot of the brands will start doing their own manufacturing in house and then it could be a roll over process so then the manufacturing process we’re using now maybe picks up another smaller designer so you outgrow your current manufacturing started in house manufacturing but then the smaller brands pick back up so that would be my hope, is that like you outgrow paying a company, you do it in house but then the manufacturing has a new designer to basically nurture and help grow so basically it could create new manufacturing facilities that would be mine but it would help grow other brands too, you know?

Researcher: Right. Have you seen any trends with your experience in the industry that it is coming back or that makes you optimistic I guess?

Emily Bargeron: Well one thing, like the pop up shop type of things that are happening

Researcher: Yes, I did a paper on that actually.

Emily Bargeron: One was called Broughton Exchange that was here it facilitates a place for smaller designers to sell their stuff. I think that that really helps because anything that can help a young designer get over the hump, you know, like those little pop up shops, or like the arts and fleas whatever, the little holiday crafts market, that’s such a big trend, indie crafts experience and there’s dozens of them in each little town but I think like stuff like that too that really helps nurture people making their own stuff. I think that really makes it easier for someone to help grow their business and also I think that just like with everything else, you know like farm to table is so big and like how just trends in general, everything’s so fast and people just want to revert to things that are slower

Researcher: The food has been my comparison as well, like with craft beer, that’s such a big thing right now.

Emily Bargeron: Yes, totally. People will pay more for that beer because of how it’s special and I feel like that’s the same in all industries. So right now you have so much stuff, that people accumulate so much stuff, that it makes you want to get rid of all of the stuff that you don’t care about and buy stuff that means something to you.

Researcher: Yes.
Emily Bargeron: Which makes people want to buy stuff that may be a little bit more expensive but it has a story and you know where it’s made and it’s special.

Researcher: Right.

Emily Bargeron: So I think that that’s a trend that helps me believe that the manufacturing will continue to grow.

Researcher: Because if they grow they need somebody to..

Emily Bargeron: Yes, right. And things like Maker’s Row and Cotton University and all of these different websites and things that are helping facilitate....

Researcher: Have you heard of Factory45? Kind of like Factory Girl, I think it’s mainly for designers but it’s kind of an incubator to get them going.

Emily Bargeron: Oh that’s cool.

Researcher: It’s out of New York.

Emily Bargeron: Nice.

Researcher: But I don’t think they have the same in house, I think, as Factory Girls, like where you can come and work. I think it’s more like a business plan, like here we’ll help you write it out.

Emily Bargeron: Yes, that’s cool. Things like that, the more, and just in general, like technology, anytime you’re able to get – technology is always growing so with that more things are put at your fingertips. Resources, things like that, so it helps facilitate people to be able to do more and find small manufacturing and stuff. Me, I feel like I drove around literally until I found one, where like...

Researcher: Now there is Maker’s Fair. There is another website, I can’t remember the name off the top of my head but you literally can find cut and sew manufacturing so.

Emily Bargeron: And the small manufacturing. They realize there is potential out there so they’re doing more to try to get work; like they’re creating websites and making sure that they’re on certain directories and things like that, because they know that’s the way; it’s not just going to like come, they’re going to have to be a part of it.

Researcher: A couple of people I’ve interviewed, it’s cool because they’ve actually been a part of the industry since like the sixties and... I mean it’s sad too because they once were employing like 80 people and now they have 8 but they were like for big clients. The one lady was showing me a tag she had for Nike and Puma and she was like yes they don’t come to us anymore but she is open to working with smaller.

Emily Bargeron: They manufacture shoes?

Researcher: No, they manufacture apparel and I can give you names of cut and sews if you’re still looking for cut and sews.
Emily Bargeron: Yes.

Researcher: She does like; that’s kind of the thing I found, is that each cut and sew wants like one big order that they know will be their returning customer and then they can be able to help out the small ones. If they don’t have that big client then they're just wasting their money.

Emily Bargeron: Yes, exactly.

Researcher: And their time I guess.

Emily Bargeron: For sure. Even with us I hear it a lot from the guy that owns the company; or just like more his partners; oh we don’t make any money off Mamie Ruth anyway or just stuff like that because there’s a lot that goes into making the patterns and there’s a lot that goes into it but then when it’s – they’re not going to quit doing it because they’re invested but another with these small manufacturers.

Researcher: And the fact that you keep coming back there right; they shouldn’t be afraid.

Emily Bargeron: Right. But they also have a very small town way that they do business a lot of them you know and it’s kind of frustrating too because we don’t contract with them. A lot of stuff at the end of...also want to do because – But I don’t to come at them with a contract because I’m...

Researcher: You don’t want to step on toes.

Emily Bargeron: Right. So there’s a lot of things that I feel... I don’t know it’s just different because they’re like small town folks.

Researcher: Yes.

Emily Bargeron: But what’s great about it is that, people in you know Swansboro or where ever, small towns, they don’t need... If manufacturing was in Savannah, the employees would need to make more money just to live but in a small town like that the people who are working there they are happy where they are, with what they have, and what they’re doing. They’re not trying to move to New York into a studio apartment, their house is paid for, their car is paid for.

Researcher: Right.

Emily Bargeron: So paying them; I don’t want to say like just a lower wage is a good wage for them.

Researcher: It’s their way of life; they’re already used to it.

Emily Bargeron: Right, yeah. So I think that that’s why producing in a small town is more efficient than like producing in LA, or New York because those people are paying; you’re paying rent on the building you know; there’s so much more overhead.

Researcher: Yes.

Emily Bargeron: And the cost of living in New York is more expensive so I think that that is one thing that can really help bring the manufacturing back to small towns is that it’s really just more
efficient; in the fact that you can pay someone a fair living wage and it’s less than being in a big city.

Researcher: Yes, one of the issues I’ve found too, in talking to people, is the idea of getting our generation to actually do manual labor because we’re taught to go to college and push harder and stuff but at the end of the day it’s a nice job. Like if you were working at fast food or you could be sitting at a machine.

Emily Bargeron: Yes, that is definitely something that I worry about because the ladies that make our stuff, they’re older and some them are probably going to retire soon.

Researcher: Yes, it’s who’s going to take over?

Emily Bargeron: And a couple of them are like, you’re the only reason that we’re still here, we like making your stuff so that’s why we’re still here.

Researcher: Aww that’s so sweet.

Emily Bargeron: So as soon as they take me off of this I’m leaving, you know what I mean?

Researcher: Yes.

Emily Bargeron: And there’s no one behind them. They’re not bring in new people to work. The majority of people that work in manufacturing are Mexicans. I don’t know if they’re legal or what.

Researcher: One of the ladies I’ve interviewed, it’s all immigrant workers.

Emily Bargeron: So I don’t...

Researcher: ...Because they have the skills.

Emily Bargeron: That is something I don’t know the longevity of manufacturing in small towns because it’s not like they’re – no one knows how to sew anymore, it’s not like they’re actively getting new works who have the ability to do as good as the people that are doing it now. That generation, it sounds kind of grotesque, they’re kind of dying out; they’re at that age of retirement and whatever and those people did start working at manufacturing plants when they were 15. And like you said we’re not taught manufacturing is a good job; like it’s not like we’re like oh I’m going to work in a plant. We see especially with like, with social media and stuff, you see that there’s something better out there. When they grew up they didn’t even know that they could do anything else; that’s what their mom did so that’s what they did. So that might, as much as manufacturing; we would like it to continue to grow here, I don’t know unless...

Researcher: People have got to want to do the work first.

Emily Bargeron: Right because a fair living wage; I mean it’s not a fair living wage, it’s just a wage that makes them happy because that’s what they know but the new generation...right and they’re happy with that...Right so then these ladies they’re not worried about it but realistically a younger generation isn’t going to do the same for the same amount of money. So it’s actually something I’ve never thought about. I do think about the fact that like ours, if the 3 ladies that
make our stuff right now decided or got sick it would put us back; but I guess you can always find people who need jobs.

Researcher: Right.

Emily Bargeron: But I don’t know.

Researcher: I’m going to make sure that I can hear this before I record more. Okay.

Emily Bargeron: I was surprised; I mean there’s still like a couple that like; when we got on Maker’s Row I found like two different manufacturers that I still want to reach out to that I think would be really good. I was surprised by how many there are, there are a lot.

Researcher: Yes there are; it’s just a matter of they’re either older, like she doesn’t have a website, or some of them are very picky still and they don’t want to work with the new people.

Emily Bargeron: Yes, for sure, they want like easy...

Researcher: I think they still stereotypes of, I don’t know.

Emily Bargeron: For sure like it’s scary. Well this is something new and they’re just like in the mindset of new is more...

Researcher: Risky?

Emily Bargeron: Yes.

Researcher: So is Mamie Ruth working with any overseas, I know you guys sell overseas right?

Emily Bargeron: Not really. Not too much.

Researcher: Oh I thought you guys had some clients in Australia or something.

Emily Bargeron: No we’re not in Australia. We, I think we sold something to like...I don’t think we have anything really overseas that I can think of.

Researcher: Okay.

Emily Bargeron: Sorry.

Researcher: No you’re good.

Emily Bargeron: Like I said we buy the fabrics, like a lot of them are like overcut fabrics or like

Researcher: Is that through a wholesaler usually?

Emily Bargeron: Yes.

Researcher: Okay.

Emily Bargeron: They’re like jobbers in different companies so with that, we’re not working directly with someone overseas but like the fabrics are probably...
Researcher: But you know it’s coming from.

Emily Bargeron: ...like produced overseas I don’t know that for a fact. It’s actually weird because there’s no rules in the fabric industry really.

Researcher: Oh really.

Emily Bargeron: When you buy from Jobbers, a lot of them they don’t even know the composition of a lot of the fabrics.

Researcher: Really.

Emily Bargeron: Because they’ll just buy like closed out lots or kind of like they just buy a truck full of fabric or something like that. So they don’t even really know what they really have. We always figure it out; like burn it or like whatever; and most of the time you pick it pretty close to what it is like with the hand and stuff. But you would think it would have to be more like this is from this company and it’s...

Researcher: Or at least a card with it that says...

Emily Bargeron: Right because I've also had old prints; so like a print in the store right now. We bought it from a whatever, I bought like 350 yards of it because I really liked it and then find out other brands; that’s pretty similar to out price point, style, whatever; I guess it’s their fabric, like they printed it.

Researcher: Oh really.

Emily Bargeron: So they have garments and stuff; obviously; I mean it helped us sell it because it was a really popular print for them, I don’t know why they like. But it’s weird when you start running into that, other people have the same fabrics as you and stuff like that.

Researcher: Yes, but I guess if they really cared they would have licensed it.

Emily Bargeron: Right; but you for the most part there aren’t really companies that we’re working with directly overseas.

Emily Bargeron: I mean different promotional, our promo bags and stuff, we know they’re made in China but we buy them from like promotionalbags.com or something like that.

Researcher: Right, it’s through a third party.

Emily Bargeron: Yes.

Researcher: Okay.

Emily Bargeron: So we are not working directly with anyone. I mean I've kind of reached out just to get like numbers and stuff of the T-shirts, because we are producing so many, just to see what price on that is. I mean ultimately if I'm going to give them our design, our logo, our paint tag.

Researcher: And they can do it all.
Emily Bargeron: Yes. I mean that’s what I need but we’re not yet working with anyone directly. There’s like some other, I mean it doesn’t have to be China.

Researcher: Yeah. Actually middle class is moving up in China, so it’s kind of, the labor’s not really there.

Emily Bargeron: Right. So it doesn’t necessarily have to be like that but, no, we’re not working with anyone, directly right now.

Researcher: So what’s next for Mamie Ruth, I know Belk is a really big deal, do you have any other big plans or?

Emily Bargeron: Well I hope that the Belk, we ship to them in February and it’s for spring in 2017 and I really want that relationship to continue to grow even after this collection.

Researcher: Have they voiced that they can do that probably?

Emily Bargeron: They can, if it does well then they will reorder.

Researcher: So like get all your friends and family to go out and get.

Emily Bargeron: Right, exactly. But it’s not something that they necessarily have to do. They only have to order from us one time.

Researcher: And Megan works there now, did you know that?

Emily Bargeron: Yes, I saw her when I went up there and I’m going to be up there in two weeks. And she really likes it, I didn’t ever realise how huge, I mean they have 2500 people working in their offices and 54 different buying offices.

Researcher: Wow, I didn’t know that.

Emily Bargeron: Yes it’s huge.

Emily Bargeron: I really, I hope to continue to work with them, I want to keep nurturing our small boutiques. I would to get in a couple more Belk-sized department stores would be nice.

Researcher: Have you picked up any deals with your overstocked inventory like with TJ Max or something?

Emily Bargeron: I’ve kind of thrown the idea around but we honestly don’t have enough.

Researcher: Yes, you have enough to do the brick and mortar but...

Emily Bargeron: And we do the music festivals, that’s kind of what our exit strategy for the goods is more doing the music festivals and stuff because it’s really good branding and marketing and we sell the stuff at a discount so then it’s like all the people who we want wearing our stuff, they’re able to get it for cheap and then the next time when they see it in a boutique it kind of triggers the memory...

Researcher: And then they’ll buy it.
Emily Bargeron: So then they also have that connection with it.

Researcher: That’s good you’ve put a lot of thought into it

Emily Bargeron: Sure. So it works really well. As we get bigger and have these deals with Belk or like bigger companies and that’s when you’re producing the type of numbers that then if we overstock we would be able to. But right now we’ve talked to a couple, like Zulily and some off price websites but we haven’t done anything with any of them yet because we just don’t have enough.

Researcher: It is usually the people that are getting like huge container ships because I know Spartina; we were talking to a lady this morning and, in Virginia, she’s seen it in TJ Maxx but around here you won’t see it because you’ve got to get the feeling of you’re in a store but they have way too much inventory so they have to put it somewhere at a discount price.

Emily Bargeron: I'm sure that they just buying truckloads of it.

Researcher: Yes. So this is the last question, what would you say to someone who does wants to crack into the, I said the sewn goods industry but I guess either as a designer or if you want to open a cut and sew; what would be your words of advice, like do’s and don’ts?

Emily Bargeron: Just keep doing it. I guess I would say, bottom line, if you only think that it would be cool to work in fashion that’s not enough. It’s not like glamorous, like oh it’s so cool to work in fashion, like it’s not just.

Researcher: That what I was telling my mom, like no offense to Savannah, but I’m glad I went to SCAD because at the end of the day I got a practical education that says it’s not always glamorous.

Emily Bargeron: Right. So it can’t be just the idea that you want to be a fashion designer because you think that that’s something you think is really cool. You have to really, really, really be passionate about it and if you are passionate about it and you know it is that you want to do then you just have to like keep doing it and not give up. One time, I forget, I went to like a SCAD style, whatever you call it, work panel and it was the lady from… what’s that PR company that was on, remember that show that with.

Researcher: Oh, the hill, the Kelly-girl.

Emily Bargeron: Yes it was her.

Researcher: The one that was like really mean on the show.

Emily Bargeron: Yes. So I went to an event of her, her talk and she said; I don’t know why, this has always really stuck with me; if you want to do it, then you will. If you don’t give up and just keep doing it, then you’re going to be successful. You just can’t give up. Like, at the moment that you like... you’re under appreciated and you’re going to have hard time's; everything. It’s going to suck for a while and then it’s...

Researcher: But if you really want it then you’ll keep going.
Emily Bargeron: Yes, if you really want it then you’ll keep going and then you’ll be successful. If you want it and you don’t quit you’ll be successful. That’s always stuck in my head. So I don’t feel like I ever really had another option because I didn’t go to like a really great design school or wasn’t set up to be a fashion designer. In two ways it really benefit me - 1. I was never taught what being a fashion designer was so I didn’t know how hard it was going to be so I didn’t think that I couldn’t do it because I didn’t really know. All I knew was I was going to make clothes and sell them. So it was the smallest baby steps of growing, like I just did it. It is literally just like how it happened. So I think that not being professionally trained I guess kind of benefitted me in the fact that I didn’t know what it all entailed. And then also, I kind of felt like I didn’t have another option, I started this right out of college, I don’t have like; well I also did PR for… Somebody could teach you all day long what to do but until you actually do it yourself you don’t really learn. And I feel like at, I mean I applied for so many jobs when I got out of college but I didn’t get them so I just knew I had to make money so I had to make things and sell them. It was just like that. So I guess like the main thing I would say is don’t give up, if you really want to do it you could be successful and; especially now; reach out to other designers, reach out, like ask questions, do research. I think that people like me, who have small companies, or large companies; I believe that everybody has the same type of mindset that I do that they want other designers to be successful so reach out to people and do internships and go and study under another designer for awhile just do whatever you can to go above and beyond so that you don’t… I wish I had spent time with other designers just so that I wouldn’t make the same mistakes they did. It’s good because I learned the hard way, I mean I definitely won’t do it again but now there are so many resources and so many people who could help you so you don’t have to make those same mistakes or help you find all the pieces to the puzzle. I just always say that it’s like a giant puzzle and you have to find all the resources; like where do you buy fabric wholesale, how to find a manufacturer, what line sheets are, how do you sell something to a store, do you go to a tradeshow, what tradeshows? There’s all these like things like, what’s a sales rep? How do you be a sales rep.? There’s just so many things that aren’t the whole idea of having a fashion line. Like how do you price, what is wholesale pricing, how do you do your retail pricing? There’s just all these things that I didn’t know like whenever I started a clothing line. But there are all answers that literally someone like me or other designers will tell you, because it’s not secrets, it’s just like.

Researcher: A matter of asking.

Emily Bargeron: Yes, right. So just reach out to people, figure it out, and get all the puzzle pieces because then once you start putting them together is when it’ll start to work but until you have all the puzzle pieces you can’t get the whole, I guess, effect of what a line would be like.

Researcher: Yes, even now that I’m in a master’s program and I’m still continuing my education I still feel think some of the best experiences that I’ve had are like interning, or working for Cato or going to New York and working.

Emily Bargeron: Yes, you get to see so much

Researcher: Yeah, even if it’s short term, I got more insight than I did in a classroom.

Emily Bargeron: Like with doing hair, people that apprentice usually learn more and are more experienced than people that go to a cosmetologist school.
Researcher: Oh, I’ll bet.

Emily Bargeron: Yes, because you’re more hands on and less of the education.

Researcher: Right.

Emily Bargeron: Yes. I mean I applied to go to graduate school and I didn’t get in, like so many things that I didn’t have a clue what I wanted to do. I guess whatever, if you want something to happen then make it happen if it’s what you want.

**END OF INTERVIEW**
New South Manufactory (Raleigh, NC) - David Brown

Researcher: Please start by giving me some information about how you got started with New South Manufacturing and at the same time talk about Mountain Sea.

David Brown: Really Mountain Sea was an idea for an outdoor apparel brand that was – I just couldn’t find what I thought should exist out there so I was like “alright, why don’t I start something” and that was the simplest ideas ever. So I started doing the research into how I could do that found that actually manufacturing unique items was going to be the challenge. And I was like okay, how do I overcome that challenge cause minimums were so high and get something relatively simple made and I was like I can’t reach those minimums. I don’t even know what I am doing. So I started toying with the idea of self-manufacture and we won’t have to worry about the minimums. At that point I just have to worry about keeping people working. That’s a different challenge. So as I started talking through that I got connected with some folks, with Molly, and I talked to them and really found the unmet need of a niche manufacturer – smaller scale, shorter runs, lower minimums that a lot of people were looking for that were similar to myself and said, maybe there’s an avenue here to do that along with my own brand, you know, let’s do both. And that was sort of the beginning, like, the big picture kind of widened out to there’s other people out there that need this so, entrepreneurly, let’s fill that gap, not knowing at what this would entail. So I went out to Morganton, met with Molly, saw what she was doing.

Researcher: How did you find out about her?

David Brown: Google search.

Researcher: I was wondering if you knew of her through a friend or some other way.

David Brown: No. It was total a Google search. And I cold called her and said “Hey, my name is David. I’m in Raleigh. I’m thinking about doing this. Would you mind if I come up and just hung out with you?” And she was like, “Sure.” Which, surprised me that she responded but she said sure and also you need to meet these people at Carolina Textile District. So I was like, “okay.” That was the beginning, helped me do some market research and see if this is legit. I came back here and talked to local companies and said is this something you would find value in if this was available locally and they were like totally. So I felt good about it. Kinda of key thing was finding skilled help because I didn’t know how to sew. I didn’t have a textile background or a fashion background at all. I came back and found in individual who was a pattern maker person and that was kinda the beginning we started that way. Really pushed toward fashion and apparel and stuff. That was the beginning. We had a two person core in terms of I was going out and trying find them and then Christina could turn it into a pattern or sew up whatever we needed. The goal was to grow from there.

Researcher: This is kind of a personal question but is Christina an older person?

David Brown: She is.

Researcher: Had she been in the textile industry? You said the skill is harder to find and it’s usually found in those who came from the textile industry.

David Brown: She had 35 or 40 years of experience and a lot of it was costuming level. She was creating unique, one off items but also had her own custom clothing line. So she was able to hand make patterns and grade them and all that stuff. So that skill set that we needed to have
was there. It was valuable. We still work with her but she’s like a contractor so she does the pattern making and then when its done it goes right into production and then back here. We tried to do it in house and it just didn’t make sense in a lot of ways. I think one day, when there is abundant cash flow, we can be together but, basically, she was funding her own salary and that was it so why are we ???? It didn’t make sense so we sort of separate but we still work side by side.

Researcher: Okay. Back to the Mountains to Sea. You are a finance major so what white space in the market did you see that needed to be in the outdoor industry?

David Brown: Outdoor apparel, almost none of it is made in the US. It’s almost all made overseas. A lot of it because the synthetic fabrics are coming from overseas in a lot of cases. Why, I’m not really sure.

Researcher: Also, the water-proofing of fabric is very hard on the environment and I don’t get it gets passed a lot of times in the US. That’s my theory but I’m not sure.

David Brown: So there was really nobody that was doing Made in the USA outdoor apparel and it sort of started around the sport that I like to do most which is trail running so I didn’t want to wear a highlighter yellow Nike t-shirt. I wanted something that I could wear that was more fashionable, if you will. Still has the performance qualities that I can wear it running but sort of fits in in the woods. I don’t want to be like a streak of highlighter running through the woods. So that was kind of the piece and it wasn’t really like this well thought out business plan of here’s the gap in the market, what I should do. It was more like, hey, I’ll do this on the side and hopefully it takes off but it took off in a different direction.

Researcher: Did you guys sell anything for that was it kind of like you had that idea and then this happened?

David Brown: We sold some t-shirts that I had made and then I had ideas but within probably four to six months of having the idea, I was moving toward manufacturing cause I was like how do I go from being a t-shirt company is great but there’s like a 50 million of those. How do I get the next thing? What I really want to make that is different is not t-shirts. I wanted to do jackets or hats or something like that. Hats is bad example, really but if I wanted to make a jacket that is unique what was I going to do to get that? So I was like, can I do that? Is it possible? And so I pulled the sewing machine out of the attic because my wife had taken a fashion design class and did some sewing in high school. That’s how long it had been. So I pull it out of the attic and I started sewing stuff. Watched a lot of You Tube and started making things. What it did was showed me: A – It’s possible because I was making stuff that looked reasonably decent. I wouldn’t sell it but I also don’t know what I’m doing but I was like, okay it’s possible to make things. So that sort of started the thought process. Like, how is this going to work? It really didn’t turn into a business model that looked anything like this until I went and saw Molly and said, okay, this can be done on a relatively small scale and there’s enough companies out there that can keep this thing sustainable and get it going. That was kind of the spark. I was like, this can be a business within itself. Right? And one day I go back to Mountains to Sea or I’ll do something like that and create a brand that we can make ourselves. Really, this was the thing that was ripe for the taking in terms of there was no one that was doing it. There’s really no one in the triangle. But there’s a ton of creative people in the triangle. We’ve got the textile school,
the design school. Just the energy that’s here with an entrepreneurial, start-up culture is really good and I was like, I think this can work. It was sort of faith – step out, try it.

Researcher: It’s good that Molly is your mentor.

David Brown: Yes.

Researcher: How are your typical clients so far? Are you working small businesses? It sounds like you might have a couple of large businesses – Crate and Barrel.

David Brown: Yes, mostly small companies because they are looking for – they fit in that gap between being able to go to a large manufacturer and meet their minimums. And then they’re beyond, whether they’re doing it themselves or they got the samples made but now they need a legitimate production run but it may only be 100 pieces or 200 pieces. So that’s where we really fit. What we hope to build is, the ideal scenario is someone comes in and they say this is my first production run. I’ve already done all this work. I need you to make me 100 and we make them 100. They go sell all 100 of them and they say we sold them all, that’s awesome, make us 200. We make 200. They sell all those and they come back and need 500. So they are growing organically and not out spending. They’re not going, oh shoot, my only option is to get 10,000. Right? So then they have to get investors and do all this other stuff and they end up sitting on inventory. Right? So what if we create a model where they don’t have to go get investors but they can grow it out of cash flow. And then we get not only a loyal customer that’s happy with the product, that’s coming back, we get a consistent revenue source because they are coming back every month or every couple of months and saying we need more, we need more, we need more. And so now our model works because we’re not going like this – big order, no order, big order, no order. We’re going small order, little bit bigger order, little bit bigger order. That’s a lot easier to manage.

Researcher: Have your clients worked with other domestic production, or have they worked with overseas, or are they just new to this all together?

David Brown: It kind of runs the gamut. Probably the highest volume of potential clients or prospects are brand new. That’s the ones that we are getting, that are coming to us. They’re say, oh wow! Maybe you can do my stuff. And that’s awesome. But then I would say the highest amount of revenue is coming from people that have done other domestic sourcing or they’re self-producing and then they are established companies to some degree and we’re just the source for either a new product that they’ve introduced and their existing source is not capable of taking that on or they’ve outgrown it. Maybe they were using a sample house or something and they made enough to get them through or they were self producing and they’ve outgrown that. So that’s been the core of revenue and then, beyond that, we’ve got larger companies that we’ve done a little bit of work for that a lot have come from either from the district or from referrals where there have been like we met the middle and did some work for them and that resulted in an introduction to a larger company that was wanting to do some stuff. They didn’t really care where it came from other than a niche product and as long as the price was reasonable. It was a higher end niche product. It’s either higher end or there’s no price that’s already set. So the challenge for us is that we’re not going to be competitive on, like, t-shirts because the price is set and people don’t want to pay more than $25 for a t-shirt at retail. It’s going to cost me, not including fabric, $10 to make a t-shirt. That just doesn’t work. So it’s got to be something unique, something that doesn’t have a price. Like people don’t understand, like I paid this much
for this. We’re getting ready to do some stuff that’s not apparel, it’s not attractive, it’s like commercial, industrial sand bags or it’s like paper you shoot into at a shooting range and somehow the fabric keeps the shotgun stuff from falling onto the ground. It’s interesting but it needs to be sewn together. It’s an avenue for us to do something that relatively high volume but it’s not like, oh that should cost $12. We can actually charge what it costs us to do it and make a decent margin. That’s the challenge that there is inherent cost structure for people because they’re getting it subsidized by really cheap labor. That’s ultimately what’s happening. Our clothing is being subsidized by people who are making it overseas who aren’t getting paid.

Researcher: How do you think that we change the mind of consumers to want to pay more or are willing to, and that they understand it is creating jobs, it’s putting value into the economy?

David Brown: The hard part is because it is overseas. It’s out of sight, out of mind. There’s no transparency to where your stuff is made. People go into Old Navy or something and just see that this is the price and that’s attractive because we all have different abilities to pay for clothes. It’s kind of fast fashion or throw away fashion, if you will. It kind of Target, Forever 21, H & M kind of model. Unless you see, unless there is some transparency to be able to say where it was made and like, it was made in Bangladesh and the factory that it was made in collapsed two years ago and this many people died as a result. That, obviously, would never go on the label but if the collective consciousness came to a place where we understood the way these companies are getting their stuff made it would start to turn the tide a little bit. I think what’s ultimately got to happen is because the model is broken. Like Nike or some of these big companies, they are not manufacturers, they’re just marketing engines so they’ve got to sell something and it’s just a matter of producing the next thing. Where I think we compete is more like… The really old model, if you go way back before the industrial revolution everything was vertical. So like the tailor is making the clothes and selling them. Then that grew into I’m not just a tailor but I have a ready to wear brand and I’ve got five or six sewers in my back shop that are making it and they’re selling it in the store front out front. And then you take that to the next level… What’s a good example of somebody that manufacturers their own stuff? The first one I think of is Filson (I think that’s what he said). It’s a heritage, kind of outdoor, hunting kind of brand. They’ve made their own clothing forever in their own factory. I think that model is where we could go more so because you could sell it at a similar price. Or the direct model is the same way. We’ve created a situation where the margins of the companies are expecting aren’t as much because is this much. Well, if the cost is up to this much then the company can’t make the same margin it use to so somethings got to change. We’ve got to change our distribution model. This big retail. Or you’ve got to just accept a lesser margin. But that’s hard to do. I think distribution model is the big piece of it because big retail demanding a return is going to be a challenge. Ultimately it’s going to happen. You know why? Because we’re already seeing in China that they are creating labor laws, they are enforcing the labor laws that have been on the books for a long time and so now it’s not as cheap to produce there because they’ve actually got to pay their people. They’ve got to have actual safety mechanisms in their facilities. They can’t just dump waste in the river and just accept it. They’re costs are going up and so the cost to produce in China is going up. So what’s happening? They’re moving out of China and going to the next place that doesn’t have those. Well, eventually we’re going to run out of those places and destroy the whole world. Somehow we’ve going to figure that out and we’re going to realize that it’s not that cheap. We’re cheating to get it to be that cheap and if the consumer understands that and it’s transparent. There are brands that are transparent and show that they are not doing that and I
think those become attractive. And I think that will be the first piece – you pay more for the good and then you realize that it’s actually better quality and might last longer and you end up not treating it the same way in terms of like, oh I need a new shirt today! Which changes a lot of things because then you’re not selling as much. It’s a big engine, like this train is moving and to change it is going to be a big change.

Researcher: I think the comparison with the food industry is actually kind of interesting because I feel it’s very popular now farmer’s markets, fresh foods, you want it to be locally grown and I think it’s kind of the same idea to get consumers to think about it like a food.

David Brown: The food industry is a good one. The craft beer industry is one where you can say people are willing to pay more for something that they can feel a sense of connection to, because it’s local, because it’s unique. There’s a story, right? If we can create clothing or other things like that that’s the same we could be the same sort of model I think if it works similarly.

Researcher: I know that you are producing domestically. How would you define your role in domestic manufacturing?

David Brown: Our role is allowing an option so, like, if I’ve got a brand or I’ve got a company and we need something made or manufactured, outside of what Molly and I are doing, there’s not an option. I mean, what do you do? You go on Ali Baba and look to find somebody that can make your stuff. I don’t even know what the other options are. I don’t even know how you go about going overseas. I never went that direction. So, you either don’t start a company or you try to go to ?? giant R ?? overseas or you go out and try to raise a lot of capital in order to get into a larger facility. So we just allow for domestic manufacturing to exist in a lot of ways. Companies may come to us and get a few runs and outgrow us and that’s great. Assuming they are going to stay and go find that next domestic manufacturer that can then produce theirs at a larger scale or they come in and we talk to them and we point them toward somebody that can make t-shirts because we can’t. There are so many good things that come out of that. So I think we’re just an option. We make it possible, especially for start-ups or small companies, to produce.

Researcher: How would you say that you encourage your clients or give them incentives to work with you?

David Brown: Our incentive is that you get to save your capital because you are not having to come out and buy a ton at the front. We’ll let you produce 50 ?????? instead of 1,000 or 10,000. Our competitive advantage has always been, it may be a higher price per unit, but lower capital outlay overall because you’re not having to buy as many. If you don’t know if you’re going to sell the product that you’re making, you need 1,000 of them, right? Then you’re going to spend a bunch of money getting them and then you might just have the coolest collection of those things ever because you didn’t sell them and now you own them and they’re in your house forever. And, of course, you don’t want the companies to not make it but the fact they spent all their money trying to get the product may be the reason they don’t make it. But if you save some of that and spend the rest on marketing or saved it and were able to go talk to the retailers. We can’t give you capital but we can help you keep your capital so that’s been our kind of mantra, if you will.

Researcher: Do you guys have a defined corporate social responsibility?
David Brown: We are in the process of becoming a certified b-corp and we sort of got the cart before the horse in terms of, it’s easy to do that if you do it before you create. It’s a little more challenging if you want to go back and do it but we sort of created it in a way that will be relatively easy to go do that, it’s just a matter of going through the process. For example, our mission statement, “We make high quality goods in an ethical manner, responsible manner, and the goal is to build our community by providing jobs.” We make the things but we make them the right way and we are hopefully employing local people in creating those jobs. That’s the beauty of manufacturing, it’s labor intensive but that’s also the great, awesome thing is that one day, when this thing grows, we can have 50 and 100 people in here working. Those jobs didn’t exist before. So it’s labor intensive but that’s the benefit cause we’re doing something good.

Researcher: What are your typical turn around times for, can you give me an example of a small batch from 50 or from if somebody comes in and wants to get a cost estimate from pattern and sample.

David Brown: So, to give them a cost/price, we always do typically three samples in order to both make sure we know what we are doing and then time it and that’s how we back into our price from a time study. So, that process, we like to not let it take longer than two weeks. Depending on what’s going on, we kind of squeeze that in and make it happen. So, a two week turn around in terms of you have a sample and a price to be able to make a decision on. Once you move past that and you are ready for production of sort of size it can vary because of different things like if we are in the middle of a really larger order then we may not be able to start in two or three weeks or four weeks. At this point, even the largest thing we haven’t gone over about six weeks on an order. That’s sort of been the thing. We’re waiting on a pretty big order of bed sheets and, because of the size of it, we literally can’t produce it. If we started today, we would be working on it for eight weeks. So that’s how it can vary because, like, a 50 piece might only take us two days to make and so, we might not start it for a week but then it’s done. People always ask that but there are so many variables within your own project with what we’ve got going on but, typically, I say three to six week is sort of the average on stuff like that.

Researcher: Could you get a sample faster than two weeks? I’ve heard complaints from people before who say they could go to Asia and get a sample cheaper and faster than waiting. What would be your way to change their mind?

David Brown: Sometimes we do it faster than that, I just don’t promise any faster than that. It is what it is. If we’re creating a pattern out of nothing, it takes time. But if you bring a pattern in and we just have to make one that’s a little easier. Two weeks is not very long. I would say the people that are saying, at this point, I could go to Asia and get this back and cheap then I would tell them go for it – you clearly aren’t stuck on domestic manufacturing if you are considering that. I’ve known people who have gone that route and got their sample back and said this is not even close to what I’ve asked for. So there’s a lot of risks.

Researcher: Do you guys have standards for your patterns when somebody brings it in? I know that helps you guys out since you don’t have to do that stage.

David Brown: It kind of depends. We don’t have set standards but it’s obviously best if they can send us the digital file so we can open it up and see all the things and print it out and do our thing.
Researcher: Do you guys have the capability to print it out here?

David Brown: We have to outsource the printing itself because the plotter doesn’t ???. We’ve actually tiled out on 8.5 by 11 inch sheets and put them together for a sample because we don’t want to spend, like, $50 and we want to get this printed today. So, depending on what we are doing, we’ve actually sent it to NC State before to get them to plot it out for us. Some people have brought us patterns that they have made personally. They’re the designer that went through textile school or they know how to do patterns by hand on paper and we’ve taken those and digitized them or done other things.

Researcher: Have you done that in-house?

David Brown: Yeah, we’ve done that in-house. All of that is the challenge with working with apparel. There are so many challenges.

Researcher: Changing the subject, I know we’ve talked about the co-working shared space and how you kind of want to be the next step once they graduate from an incubator, they come here, they need you for production, so you don’t have anything in the workings for this to become a shared space?

David Brown: No, not in the term???. It’s an idea that, at some point, we could have a space where if the manufacturing floor was as big as this table, the length of it is a big cutting table that can be shared and there’s like little pods that you could lease out or something.

Researcher: That’s what I was kind of asking, if there could be a membership or something.

David Brown: That would be something that would be cool but we’ve thought about that and what people really need is all that pre-production stuff and if people want to be the designer or the dreamer, right, they need office space and access to the design software, to the pattern making software, the pattern makers themselves. The people that want to manufacture and want to get in there and sew stuff, they’re going to do that but most of them want to hand it off once they get to that point. So I think where we really need to co-working is on that pre-production side and then, if there’s a place like this, where we have a partnership with that co-working entity, we can help them on a thought level and say, this is what you need to get ready for production, these are the things you need to think about, these are the challenges that come when you get ready to talk to us, we can help them there and then they do all that work and then they hand up a package that’s ready to go and we can just put it right in and say, here’s the price, let’s rock and roll. I think that’s where the value can be created, in that kind of model. I don’t know how many people are really, like, I want my little corner with two or three sewing machines in there and access to be able to do it ourselves. I don’t think that’s what people are looking for. I think the people who want that are people who are potentially doing something way out of the box. So there’s probably some potential for that but I think the very few. They’re either trying to do apparel or something that already exists so they really need that front end stuff. I think there is great potential for incubator like space and, if we can just partner with them, and say we’ll help educate you while you are in that space and then be your answer once you are ready for production. I think that’s where we can help. We don’t need to house the people necessarily. The other option would be if ???.
Researcher: So, in your opinion, do you feel that partaking in domestic manufacturing gives a company competitive advantage over those not producing their products in America?

David Brown: I definitely think there’s competitive advantage. Time to market can be huge. The ability to just have a face-to-face is huge. The cost associated with that, you may save by going overseas on a per piece production cost and depending on how you are doing and how big you are you might lose it all in shipping and tariffs and travel. A lot of people we are talking to are producing domestically but they’re having to go to LA so they’re spending a couple of thousand dollars on plane tickets two or three or four times a year so all of a sudden, you’re spending a ton of money and so, wow, wouldn’t it be great to do it here. Even on a domestic scale locality if valuable. Like shipping. There are people that we deal with that don’t pay shipping because they drive over here and pick up there stuff so they’re saving money there. So, like, even paying an extra dollar per piece, they’re making way more by not having to ship it to them before they end up shipping to their customer.

Researcher: And Darlene and I were talking about how apparently a lot of times if you are working with someone overseas and if you decide to switch they won’t give you your patterns back.

David Brown: Right, they’ll own it. One thing overseas has done a lot of is this kind of full package manufacturing. So, they’re providing the fabric, they’re getting your labels, and they’re doing the work. It’s great because you show up with the product but if you ever want to do something different or you decide you want to make this locally, you’ve got to reinvest the whole thing. You don’t know where your fabric is from, you may know what it’s called but obviously you’re not sourcing it so you’ve got to go find it then you’ve got to go find the label manufacturer. So, there is potential for US companies to go into that package type deal where you kind of wrap it all together into one price but, again, this is me speaking but if I’m the company, the brand, I want more control than that. I think there is value in having a little more control and you’re just not going to have a lot of control overseas unless you are a really big, big player.

Researcher: Have you helped any of your clients source fabrics?

David Brown: We help a little bit. We direct people to the textile district and some other options that can help them source. If it’s something we’ve actually bought or used and we know some places that they can go. There may be an instance in the near future where we’re actually going to buy the fabric and be able to do sort of that package. It’s a very specific instance but we’ll see if that happens or not. It puts the burden on me to find the fabric and then make sure it’s what they want. We’ve shied away from doing a lot of sourcing because, like, if we get it and you’re not happy with it, then it’s on us. If you source it then you know you’re going to be happy with it and we’ve removed that potential challenge. We’ll see how that pays out over time.

Researcher: I think it would be really a lack of interest if you can’t even want to source your own stuff I guess.

David Brown: People are like I don’t know where to go.

Researcher: Just like production, it’s like I don’t know where to go, you Google, you know.
David Brown: That’s the other thing that we could use. If you’re talking about Raleigh based, the triangle, the industry, if you will. So like, we got the school, if we continue to grow, you’ve got manufacturing. Someone’s got to come in and be like the fabric source, wholesaler place. If we had that, it would really take off, I think. If someone is willing to do that, there are companies that do that, and if they have an outpost, if you will, Raleigh or something like that, some way for people to go and look through swatch books and be like this is what I want and it could be from 50 different mills. They’re just a big wholesaler. That would be huge but it kind of the chicken or the egg challenge.

Researcher: Back to the five year question.

David Brown: I think the trend will continue where we may be at only two or five percent right now of total being domestically produced, it might grow, I think it will grow into a larger percentage if the total, it will still be a minority for a long time, I think. Clearly, there’s a lot of space in the apparel industry if you wrap in all of sewn goods, it’s massive. Ten percent of that is still a really big number. There’s a lot of space for people like us and people to come into that space and be successful to do a lot of really good things – create jobs and give back to community. I think that’s a trend that’s going to continue is that people understand that business is not only maximized shareholder value there’s a lot of good that can be done through businesses. There’s a reason that we generate so much. To put to good use – that’s our intention. I think a lot of good can be done through business. That’s one of the things that gets me excited about running one. The more successful we are the more people we can employ and make their lives better. We can give back to people that need it, we can train new people to have a skill that they can transfer. We can help other small companies get off the ground and employee their own people. There’s so many good things that come from it if you do it right and do it well. That’s what we should be thinking about and not how do I buy my next beach house. Right?

Researcher: I think a lot of millennials think like that and I think a lot are very entrepreneurial. If no one can do it, they’ll do it themselves. Who do you feel that some of your competitors are? Do you have any right now?

David Brown: Obviously our competitors are still those bigger shops that are overseas or wherever. In terms of competitors in the exact space that we are in, there’s a few. There’s Molly. But there’s so much for us to do

Researcher: Would you say that she’s a competitor or are you guys partnering? That’s kind of the point of the Carolina Textile District.

David Brown: We’re more like teammates. There’s enough to go around. So, are there competitors? Yes, there’s others even in this state. There’s some in the Northeast, there’s some in LA, obviously. So there’s others that are doing this but there’s not so many right now that we really worry about what they’re doing. There’s enough customers out there. The market is plenty big.
Researcher: So do you think, I know that in the past that’s what took the textile industry away from here is because everyone started teaming up against each other. Are you optimistic about this partnership idea, the Carolina Textile District sort of concept of, hey, let’s help each other out.

David Brown: I think for the foreseeable future, if we ever get to a place where domestic production is the norm rather than the exception, we could easily get back to a place where there’s competition. I think that’s okay.

Researcher: Competition means good income usually.

David Brown: Exactly. It means there’s enough there for people to be like I want to get into manufacturing. Right now, it’s not something people are saying we should go be textile manufacturers. It’s not an attractive industry. There’s no MBAs saying that’s what I’m going to start up when I get out of school.

Researcher: How do you think we are going to be able to find the technical skills? I know, growing up, our generation is told go to college, get a job, not go to a technical school or something like that.

David Brown: There’s a couple of different avenues that we’ve already seen. I think similar to what we’ve said about millennial thought process. People are willing to do hands on work, even if they have degrees. I know people who have left their jobs as a sales person and gone and started a carpentry company because they want to work and be more connected to their work. So if everything comes back down I think even sitting at a sewing machine can be really rewarding, creative in that you’re making something every day and you’ve got finished stuff over here that was not that and you’ve made it and to think some of the stuff that you’ve made ends up on shelves in stores that you know can be really rewarding. So there’s an element of even people that are more educated and more driven still wanting to do something that’s hands on so there’s that. There’s a ton of communities in the area, the US, whether it’s immigrant type communities or where you can find, like, we’re creating a job that pays way better than working at a retail store or fast food or something like that. These are your options. This is a much better environment. Maybe I’m biased. This is an environment that is different so someone could work here without an education in terms of traditional college education. You can build a skill set and have a trade and I think that can be valuable for people. We, as an industry and we as a company, have to figure out how to train those people going forward and build that into our industry if we’re going to do this in the US because we’re losing the existing knowledge base as they age out of the work force and so certain things have to be passed down, like on the job style and then some of it’s just literally going to have to be relearned. We’re going to have to re-figure out stuff that has been lost to time and that’s unfortunate but I think it’s not detrimental, it’s just, it would be easier if we could find someone who already knew how to do it and could show us. But some things we’re just going to have to figure out again. It’s a big challenge but it’s certainly “overcomeable,” if that’s a word. I think it comes down to we’re going to have to internally have a training program to bring in new employees because we’re not going to be able to put an add out and say experienced pattern please apply here. I think the textile school and stuff is putting out people that want to be the pattern maker which is exciting. They’re going to have to get on the job experience as real pattern makers. They have head knowledge. The experience is going to take time so that part won’t be too much of a challenge. There’s people that want to do that but production sewers, sewing machine operators, that’s a different skill set.
but I think it’s a great alternative to the other, whether it’s manufacturing or labor type jobs. You
come to an air conditioned space, you work with your hands, you create something, it’s not
dangerous, the health quality is good. We’re going to have to do some stuff ergonomics wise, I
mean if you sit all day, bent over, that’s not going to be good but there are things we can do to
help combat that over time. I think it’s a good alternative for people and we find that labor pool
that’s in that world and show them, hey, this is an alternative then I think we’ll have more than
enough labor to go around.

Researcher: I was in Atlanta, talking about the sitting thing, and it was cool to see, it was a trade
show – Tech Process. They had a live display of lean manufacturing and it was four women
working six different machines.

David Brown: Standing?

Researcher: Yeah, they were going from machine to machine and it was interesting to see. Do
you have any plans to engineer the Lean Manufacturing process?

David Brown: We’ve got some ideas about different things and Kemps World is more on that
side.

Researcher: Is he from NC State as well?

David Brown: He’s an NC State Engineer. So he’s thinking about it from an engineering stand
point. None of us have a manufacturing background so that gives us a lot of value in that we’re
kind of clean sheet, thinking about it from scratch. But also it’s a challenge. We may be
stumbling upon things that people have already thought of. There’s definitely a way to integrate
some technology into the process to help us be more efficient. For a long time we’re going to be
very manual because we’re going to be small. The big factories can get automated because they
can afford to and they’re going to reduce costs by being more automated. Once we have money
we’re going to buy a cutter so we can auto cut stuff, plug it in, have somebody that understands
the IT and the software and can plug that stuff in and we can cut stuff at scale while you turn it
on and go do something else. So that kind of technology is going to be super valuable. I’m
dreaming of creating our own internal software that allows, you come in and you’re a designer or
a brand or somebody and you say this is what I want to make and I’m like okay. You sign the
contract, I put in all the details and it becomes a job and it pops up on Kemp’s screen and he is
able to make sure that all the processes are there and then those are signed and then Devon is
ready to cut and so he grabs it on his iPad and says okay, he picks up the project and says I’m
starting and the clock starts going. He does his processes and passes it onto the next step and
whoever picks up the next step, they say okay, go. And so it’s calculating the time process and
so at the end or anywhere I can say we’re on time, we’re behind time, we’re ahead of time, we’re
doing good cause, absolutely, time is money in this business. If we’re slow, we’re losing money
and so, having that data is going to be valuable. Probably something like that exists but…

Researcher: I know some of the systems I’ve used…

David Brown: It’s massive stuff…

Researcher: Yeah, it’s been where you have to go in and check off what you’ve done.

David Brown: It should be really simple, right? Can I have like an app? Where it’s like here are
the four projects that are in progress. I click the one that I want and the next process that’s up, I
say, there’s a button that says start and I do my stuff and when I’m done I say done and it goes to the next step. It could be that simple.

Researcher: Yeah, and then calculate your time.

David Brown: Like Spoonflower, for example. They’ve hired a bunch of coders and developers to create their software process. My thought is that’s not that hard. The technology has been around to do that kind of stuff but it hasn’t been as easily accessible. Devon can pull it up on his phone rather than having a dedicated system with a screen. We don’t need all that. Back to the iPads! I think the automated cutter is part of the way technology is going to allow us to do this.

Researcher: And the Carolina Textile District just got one, right? But I guess that doesn’t benefit you?

David Brown: Right now we could use it like if we got a big order and we said it going to be more efficient for us to have it cut there and they deliver the cut pieces or we got pick up the cut pieces. There a point at which it becomes value – we can do it there. They’re expensive but it’s going to pay for itself in two years. That’s value. It’s just a matter of having the cash to do that so we’ve got to get a few years down the road.

Researcher: Are any of your clients that you are working with right now overseas?

David Brown: We had one client that had dual headquarters in the US and the Czech Republic and they were getting their fabric overseas, in fact they were the maker of that fabric. It’s a unique situation.

Researcher: Can I ask the name?

David Brown: The company is Elmarco and they actually make the equipment that does, they make like a nanofiber. To do it, they have some type of spinning system and it creates it crazy membrane, waterproof membrane. The other thing they make is water filtration so it’s a textile that’s disposable for a filter but then they use the same technology to create this membrane so we made jackets for them out of their membrane and it was valuable for use to do it here. They had made some other there but fashion wise, they’re not a fashion company, they’re a technical company, so they were unhappy with what the stuff looked like that they had had made overseas and they wanted someone to just make it nice looking.

Researcher: But they’re still selling it over there?

David Brown: Yeah, right now they’re using it as internal pitch to sell it. The product they’re selling is the membrane itself so they want to go pitch it to North Face and Patagonia. They wanted actual jackets to be able to show them and show them how it works. There’s not like an end seller but it was…

Researcher: But hopefully if they can get investors they can come back to you. So, did you become a member of the Carolina Textile District through Molly?

David Brown: Yeah, through that beginning of that conversation I talked to Molly and Sarah and Tonya so I was kind of a member before I was a company almost. So they kind of helped me get through that. So, yes, we’re partners or whatever they call them. The District itself is trying to figure out how it work and how it exists. I’ve been lucky to be a part of some of those
conversations and be able to talk through what are we trying to accomplish with the District, where are we going with it?

Researcher: Have you been able to use that in your business as in, if a client comes in and say they need sourcing you can kind of give them a list.

David Brown: I send them to Tonya all the time. You need fabric – talk to Tonya. Go to the District to go through that process. They’re way better than I am.

Researcher: The last question is sort of an opinion. What would you say to someone who want to open a cut and sew factory to create more American manufacturing for the apparel and textile industry? The dos and don’ts, words of advice…

David Brown: You need more capital than you thought. It’s not easy. It should be obvious. It probably is. The challenges are there. It’s a knowledge / skill problem in a lot of ways. You have to find someone who knows what they are doing and then you have to get good information from them to able to do it right. I think for us the easy part was going out and telling everybody that we existed and then people were coming to us. The harder part was then performing once it came. That part was, and has been a challenge. I think though there is plenty of opportunity for this. I would say go do it. Do your research. Try to figure out what you are doing. One of the things Molly told me and we maybe didn’t listen to as well as we should was find your niche. You may not be good at making dresses but you can make good pillows. Whatever your niche is, go for it. We tried to be all things to all people for awhile and it wasn’t working for us so we’ve kind of re-honed to try to find our niche. Home décor has become a good niche. A lot of what we’ve talked about, everybody wants to go to apparel. Apparel is the hardest. It’s so hard because there’s so many variables. Just to have one thing, you’ve got your one design but now you’ve got to have it in a minimum of four or five sizes, probably more like ten. So you’ve got sizes, you’ve got colors, right? And that’s just one. So if you’re coming out of the gate as a new brand, you want more than one style, you might have four styles but then you’ve got each of those in five sizes so you are already at twenty different things. Maybe two or three colors so maybe sixty now. That’s going to be expensive, it’s going to be a challenge, it’s going to take a long time so we’ve had to sort of pull back and say apparel is great. We want to do apparel but we need a lot more of these other things that are easier to handle and are quicker to payment – turnaround. We worked on apparel for months and never made a dime on it.

Researcher: It’s something that you could do but if you could get this home décor to kick off…

David Brown: We need something to pay the bills while we play with apparel. So home décor, outdoor gear like these hammocks, it’s industrial so it doesn’t have to be perfectly pieced together like apparel. We make sheets and tablecloths and things that are right lines. It’s technical in that you’re piecing thing together and you’re doing it and it has to be good but and those crazy industrial sand bags and a strap – it was a medical device – it was a strap with Velcro and it had to be sewn together and we were a great source for that. We need those things to keep us afloat. Like Molly’s thing with those blankets. It’s simple but it makes money. You cut out the squares, you sew them together and then you quilt them. It’s not couture. That’s going to be hard. It’s going to be expensive. The chances the brand making it is less. We’ve had the challenge of the majority of the people are start-ups so they’ve got their own cash flow
challenges and then we’re trying to do it and if we’re depending on them to pay us that just doesn’t work really well over the long term. So what we’d like is that to be a business line not the only business so we have the stuff that’s here – hammocks, pillows, and the other stuff that keeps everything rolling - and that gives us the freedom to spend time on that apparel project or whatever it is that may be more difficult and take longer but could have a nice return at the end. We can only keep one person busy and employed if all that we are doing is sampling so that’s one of the things we’ve learned over the last nine months. It’s been fun.

Researcher: Is New South Manufacturing receiving any grant money or any help from the state?

David Brown: No. None.

Researcher: You probably could be getting grant money.

David Brown: I would love that. You want to find that out for us? Tell us where to apply.

Researcher: Sarah sounds like she would be a great help for that in the Carolina Textile District.

David Brown: One of the strategic decisions we made was locating in Raleigh which excluded us from those grants. A lot of them have to be small towns to rebuild stuff. That sounded great but all the people are in Raleigh. If we’re here and there’s somebody else in Nebin 28:35, they’re going to come to us first because we’re right here and I wanted that and I wanted to be in the middle of the creative because I wanted to feel creative not like an old, stuffy manufacturing facility off the highway. I wanted to feel like a start-up and feel energy. We’ll see if that was the right decision or not.

Researcher: That’s what I was thinking of for in the Charlotte area. I know they are renovating these old mills into lofts and I was thinking, well, there’s grant money because you could produce and old mill and get…

David Brown: They’re all turning into condos. They’re expensive. I think Raleigh’s going to be great – Raleigh, Durham, the Triangle. I think we’re going to it. Our long term vision is there. We’ve just got to get over the initial hump of figuring out how do we make money in the meantime before we can make money in the long term.

Researcher: Do you have any other comments or questions?

David Brown: No, I think I’ve talked a lot.

END OF INTERVIEW
Opportunity Threads (Morganton, NC) - Molly Hemstreet

Researcher: Okay, sounds good. So, to get started I’d like a little bit of background about Opportunity Threads, I know you’ve already told me about it before and I’ve researched it online too but for this recording if you could give me kind of a little summary.

Molly Hemstreet: So we’re just worker owned, cut and sew plant based in Morganton. We work with small to mid size clients, mainly doing sustainable production from across the US. And we started out as volunteers, our LLC is from 2008, most of our workers now came on in 2011, that’s when we stopped being volunteers. Now we’re 22 or 23 people looking to grow, operating in about 10,000 square feet of space. Sewing for about 20 to 30 different clients here

Researcher: And then I know that you told me that your background is not actually in cut and sew, but I believe you said Spanish, Latin American studies? So can you tell me why you got interested in cut & sew.

Molly Hemstreet: So I did Spanish Latin America studies and then I was certified to be a teacher and when I was in the public schools I just saw that so many of our folks like the parents of the students that I was working with just didn’t have work so I became really interested in how do you create work? And the the opportunity that Dan helped me see was in cut and sew because we saw the infrastructure and we saw the potential of it coming back. My inclination was from having done work in Latin America, was to try cut and sew but with a different labor model so it wasn’t as much interest in the cut and sew, it was more of an experimentation of the labor model as a worker owned facility, kind of a low hanging relatively easy to capitalize industry cut and sew so that why we started because cut and sew, we had a market, somebody was willing to give us an initial market, we were working with Maggie’s Organics that had a Whole Food’s account, so we had an initial market we weren’t trying to cut. What they needed was they needed textiles, we had a market we had the infrastructure we had people around us who had the knowledge so it was kind of after we did the market study, it made sense for us to be in this industry

[02:48]

Researcher: And then you also talked about how you wanted to create jobs because you grew up in Morganton, right? So you’ve kind of seen the industry

Molly Hemstreet: Yeah, I think everybody is like how do we bring the industry back, how do we create jobs in the communities that we live, so that was part of my drive to as well, for sure.

Researcher: So your typical clients are kind of small to medium I know you’ve helped a few entrepreneurs kind of get going. Who would you say your largest client is, I know that you said you worked with Project Repat, do you think they are?

Molly Hemstreet: Yeah, they’re our largest clients in terms of like sales, they might not be largest in volume, but we produce like 600 units per week for them, we have another client who we produce 800 units a week for them and so small to mid size, in our book is like 10,000 units, not just micro 25 here, 50 there, we can do that too but what we’re interested in is like small, kind of mid-scale size to keep the plant running
Researcher: The clients that have come to you, have they worked overseas before, are they new and do they want to stay domestic

[04:17]

Molly Hemstreet: Yeah, our second largest client in terms of sales was in Bangladesh and after everything that went down in Bangladesh, that’s really why they wanted to bring it domestically. So we helped them be an outlet for all their domestic work. And I think I am more interested not in people that are trying to reshore but more for people who didn’t want to leave to begin with, so I believe if you’ve offshored and you’ve profited from very low labor, cheap labor, it’s hard to swallow not doing that. I think if that’s built into your business plan higher costing based on labor, because cost is labor, the cost is labor. If you’ve filled your business plan with cheap labor it’s hard to leave that, sometimes it’s hard to leave that, kind of re-swallow the domestic labor costs but if people can start that way, and they kind of start with that value I don’t see our current clients going overseas and then also our work is very custom so it’s also hard to do a lot of customisation overseas, especially if you’re trying to do kind of quick turn work

[Molly Hemstreet talks to workers – Spanish]

Molly Hemstreet: Sorry we were just looking for something

Researcher: How do you encourage your clients to stay and work domestically – does Opportunity Threads have any incentives I guess?

Molly Hemstreet: I think we can do, I think the incentive is part of the market, we can do what no, what you can’t, like some of these products we ship out we can turn around in 24 hours. Now that’s completely, it’s not just a value, it’s the service you provide is not even possible overseas. So can you create a niche market that is not even possible, like no one. There was product that needed to turned around literally in like 24 hours for somebody, like you can’t even get something shipped within 24 hours overseas, much less have it back so I think it’s like, it is a value proposition but values don’t pay the bills, What pays the bills is service, what pays the bills is high quality and so I think we can compete on quality. There are certainly places that specialise, it’s not necessarily to say overseas and it doesn’t necessarily mean poor quality. Certainly people have figured out plants and places to work that do good quality. But I think most of them are big enough to have their own mill? I think contract cut and sew for smaller businesses are probably much harder to do because you just do what’s in the contract. I try and stay out of the offshore game I’m not going to beg people to work with us because we have so much work, from people who just in the beginning want to work with us because of quality and things like that

[07:28]

Researcher: Someone that starts with the idea of wanting to stay domestic

Molly Hemstreet: Yeah, and then you’re not trying to convince them, we’re not going to beg anybody to work with us or anything like that

Researcher: What are the minimum runs for a client to start working with you
Molly Hemstreet: We usually do 250 units of one style, but the we can sew for people by the hour or we can sell you less units but at a higher cost

Researcher: Does Opportunity Threads have a defined corporate social responsibility, I know that you’re a company owned business. Do you have that in your business plan?

Molly Hemstreet: I think that’s more of our culture and more of our reason for being so it’s like deeper than a business plan. We’re a social enterprise which I think in of itself and it’s I think not like another program, I think it’s more just in our DNA so to speak. So I think we’re a little bit different to that – our reason for being.

Researcher: Do you, I guess you do pattern work, right? Or do you do sampling?

Molly Hemstreet: Yeah, we do that like every day. There are differences between prototyping and helping people develop

[Molly Hemstreet talks to workers – Spanish]

Molly Hemstreet: So we do, like the difference in prototype or development

Researcher: Which you guys don’t touch, that would be more like

[Molly Hemstreet talks to workers – Spanish]

Molly Hemstreet: Prototyping we do, but the more people, like I think the bottleneck, in all of this I’ve learned the bottleneck which is what we do is just like small runs, like kind of small high quality production. There are more people out there that can do design and patternmaking, maybe not so well, we’ve got one pattern maker we kind of go to for more technical pattern making if we are swamped. So I think there are a lot of people that want to design, there are more people out there who want to do pattern making than small companies who want to do production. What we’ve done out of necessity, what people need to do is produce, now we can work with pattern makers and our guys are actually very good at pattern making. If it’s a simple pattern then they usually do it but if it is more complex we pass it on and it includes grading which is very specific to sizing sort of thing we give usually get that done by one of partners in the District.

[10:35]

Researcher: Yeah, Darlene told me she works with you quite a bit (Darlene at APaDS)

Molly Hemstreet: Yeah, and 90% of our patterns come through her. She is great to work with and we are partner together a lot of stuff. So we can do prototypes, like what we are working on right now. A cycling top that is a prototype for somebody, but we just have more pull in one direction towards production.

Researcher: So what are your typical turnaround times for a small run if somebody comes in with 250?

Molly Hemstreet: It depends on whether they’re a repeat client if it’s a repeat client then we can give them on account like we did we did like 800 units for somebody in like six weeks, which is
pretty incredible. We have clients and we have sewers that sew for them every day and then we’re shipping out their stuff on a weekly basis or on a daily basis and there’s more the second tier client has to get in line for us. Maggie’s right now we’re shipping out Maggie’s that order is very from like mid July so I would say like 6 weeks, but it’s like 1400 units so 6 to 8 weeks is reasonable for significant quantities, if there’s 250 we can probably get it done by, you know four to six weeks. Certain times are a little bit tighter, busy season.

Researcher: So I know you guys are a worker owned concept that you have – is that kind of because you wanted to do a different business model or could you explain why you wanted to do that and how it works? Because didn’t you say that they don’t get it automatically when they first join Opportunity Threads?

Molly Hemstreet: No, I think it’s this model, I think it’s what’s fair. I think that if you work at a machine and bust your ass all day, you should be the beneficiary of what you make, you should have that margin come back to you and it’s usually the people that work the hardest, at the beginning of the supply chain that get paid the least. I think that’s fundamentally unfair across the board whether you’re making fuel, or whether that person is picking food in the crops, say like that person gets $4 per hour to pick tomatoes, then they’re sold in a restaurant on a plate for $60 so I think it’s just that kind of extraction of labor and so this is a model that puts labor in charge of capital versus capital in charge of labor so it’s really about several things. It’s about voice in the workplace, fair treatment, on a regular business but then ultimately the people that are working here over time can buy into the business and they are legitimate owners both in like management and organisational structure, but also from an equity standpoint. Whatever they’ve helped to build it is not just going to one wealthy family, it’s going to those families that buy in, so it’s not to say it’s not a charity and it’s not a social cause they have to buy their way in the business, but once they’re there, when they stay late or we make a profit it goes directly back to them, it’s not going to one person. Traditionally it would go to one person like it would go to one owner instead of those who work there but this in this case any profits are divided. In fact we had a business meeting yesterday about making a profit and what was decided was to give everybody a $1 raise, you know which is pretty impressive. They decide, the owners decide what we do, from the labor, their toil, they decide what it is to do, whatever they want to do with it so.

Researcher: Do you all provide insurance, like 401 K, any benefits, I guess?

Molly Hemstreet: Yeah, what we do is we have, so we pay into a savings account, an internal capital account that acts as a 401 K, they buy into the business and they have ownership in the business. So as the business grows, this money goes back to them internally, and they can’t take it out before they leave, so most of the time when you leave the co-operative, you leave on good standing, you can leave with : $60,000; $70,000; $80,000 dollars so that’s like a 401K. And then we don’t have right now health benefits, we’ve been going back and forth because we voted on this, would people rather have health insurance or higher wages, so what they’ve decided, we talked about this year setting up benefit plans and we are working with some other people right now to try to get some other benefits in place, like life insurance, shared cell phones, things like that so we can all be on the same cell phone plan. Things like that and we can be creative about it
but right now we’re just pumping everything into wages and then the owners get like a stipend which gets used for their healthcare, buying and paying for their own healthcare. So I’m not saying we are, like you can go to a much older company and get much better benefits. But we’re getting there, little by little.

Researcher: And then as far as employees go, I know that some of the people you employ already had the skills set, what about people who didn’t? What do you prefer, because I talked to some people and they say we like it when they don’t have experience because we want to train them and show them how we do it? What’s your experience with that?

[16:24]

Molly Hemstreet: Well, I think that we do try to do is train people, I think we try to look for them that have the right qualities to be an owner and the right qualities to be a learner. I would say it’s those people that want to be part of something that is more than just a job. They see themselves as being something bigger because I think the skill we can train. It’s not to say it’s easy, it’s not to say we don’t need trained sewers, like right now we could probably hire three people if they walked in the door tomorrow, but we’re behind on really skilled people. What we’ve had to do is take people and train up in the way in which we work and you’ll hear that a lot of the people that you talk to is we train them in the way that we sew. So we’re kind of trying to train them and work our way, we’d rather take someone with a good attitude that we teach a skill versus somebody that is really skilled that doesn’t have a good attitude.

Researcher: Yeah, that’s kind of what I heard, someone that’s a hard worker and willing every day, ready to learn.

Molly Hemstreet: We are trying to get a problem solver, they are non-confrontational, they are problem kind of people versus I am going to sit here until somebody tells me what to do, kind of thing. Can they drive themselves.

Researcher: Yeah, I think that partaking in domestic manufacturing it gives companies a competitive advantage over those who are not producing? That’s on American soil.

Molly Hemstreet: Yeah, I think it does.

Researcher: Yeah, I think you already talked about that – about being face to face, quick turnaround times.

Molly Hemstreet: Yeah

Researcher: So what’s your opinion on-do you think domestic manufacturing is coming back for apparel and textiles within the United States?
Molly Hemstreet: It certain ways it is. That’s just how I see it, it’s not just is it coming back or is it not coming back? I think the pie industry is so big – this is one of the largest industries globally which is why I say that you can find your piece of the pie that’s here. You can make a piece of the pie work here, so I don’t think it’s to say is it here is it not, I think you can say there’s always going to be some here, figure out what work is going to be here, and customize to that work. A little more complex but just have to get good at the demand that is here and not worry as much about our products going overseas, because the models are different.

[19:44]

Researcher: Do you think that there’s anything that’s not been beneficial to working domestically – I’m guessing we already kind of touched on that too, right? If you’re looking for cheaper labor probably not the place to be.

Molly Hemstreet: I would argue that that’s not a benefit – I would say we need to learn how to make things locally whether it’s food or crafts whatever it is. We need a manufacturing base and so I think we need to figure out how to make it work, and be competitive at it, you know?

Researcher: Right

Molly Hemstreet: Not just to be next but be niche at it, but be competitive at it as well

Researcher: Do you feel in the beginning you had to make any tradeoffs to be domestic?

Molly Hemstreet: It’s not, again it doesn’t even enter into the conversation for us, I think we’re niche and small enough that we’re not trying to compete with what’s leaving or what’s left you know. We don’t want to be the Hanes plant, I think we’re a different model – both in the making and labor model. We’re like a new breed of what work looks like. I mean the sad thing about textiles is you just need to be in a supply chain to make it work, and when there's other people in the supply chain can’t make it because the larger clients are going overseas, I think that it’s hard. So all of fabric producers shut down, then North Carolina becomes less of a well-know place to have this work done. I worry more about the other supply chains, I feel like we will always be able to find work unless we’re like 200/300 people, that would be a little harder. At this rate and the kind of size we are (20-25), I think our plates are going to be very, very full. [21:44]

Researcher: Would you say you are optimistic about the future of American manufacturing within the apparel industry?

Molly Hemstreet: I would, I would say I don’t know what TPP will do. I think it will hit the larger suppliers harder and that affects everybody right. But we what we didn’t with NAFTA was consumer consciousness so I think it is very important that people learn to drive consumer consciousness. Because consumer consciousness makes you think about, I think it’s an absolutely important part, if people demand things to be made there then more and more will be. People learn what the true costs of goods, and then we will have work so

Researcher: That is one of my other questions, how do you think that we do I guess bring awareness and knowledge to the consumer –do you think it’s education, like ‘farm to table’ movement where they just want to realise where the products are coming from?
Molly Hemstreet: Yes, I think it’s people marketing that, kind of value of marketing that it is made domestically, telling more stories about your product to make someone’s life better and keeps work here and then the impact, not that there’s just a feel-good story, but how that’s also important for your own economy that other people where you live have work. So I think it’s not just feel-good I think it’s why is it important that things are made here, why. We can’t just be a service economy or just like a tech economy, we have to be able to produce goods as well. So I think to help people make a connection that is really important [23:37]

Researcher: Do you feel that you have any competitors-I know that you’re more of a partnership type of person and you are working with the Carolina Textile District but do you think there is still competition?

Molly Hemstreet: Oh of course, for sure, we’ve got to stay on it, there’s no question about it, we’ve got to be good at what we do, we’ve got to be on time, we’ve got to have good quality, when we take up a job we have to realize that. We’re not going to pretend like they can’t come and go but we’ve got to take care of them, because they can find other people, there is something special about what we do, but they can certainly find another person to do their work

Researcher: And then I know you and Dan St Louis worked together to create the Carolina Textile District and you were talking about that’s where a lot of your clients come from – do you have a % wise maybe or just an estimate of how much business comes from the Carolina Textile District versus other?

Molly Hemstreet: Yeah, I’d say 15-20%. We’ve just got another client that I took in the other day, through there

Researcher: Are you guys on Maker's Row as well?

Molly Hemstreet: Yes, but we didn’t put it up there, somebody else put our profile up there. [25:22]

Researcher: Where did the idea for the Carolina Textile District come from and how did you get the CTD up and running?

Molly Hemstreet: The idea for the CTD came from several experiences and was built upon very early by our partners at BDI and MSC. Doris from Catawba Creations was very supportive of OT getting started. She gave us work and even let us into her factory to sew. I remember her saying to me, "if we can't help each other out and we aren't in this together, what is the point." This made me believe that manufacturers in the same industry could work together. Then as OT grew we were getting a lot of inquiries...Dan was also getting these same inquiries. We needed a system to intake these folks so that we didn't spend 6 hours on the phone each day. So we started the District- to aggregate and organize demand and to build support for producers on the ground.

Researcher: What would you say to someone who wants to open a cut and sew facility (or work in the sewn goods industry)? The do's and don'ts, words of advice

Molly Hemstreet: For cut and sew....DO make it a business (versus a non-profit). DO be very fair and good to the people that are carrying the work on their backs. DO high quality work and
be honest if you can't get the work done. DON'T try and sell your business just with a story or a look- you have to deliver with good quality production. DON'T think you will get rich quick in this business. It is about steady, good work. DON'T give up!!

END OF INTERVIEW
Researcher: Alright so we'll go ahead and start recording. So I was looking up SEAM and doing a little bit of research and it said it’s been around since 1967 and it’s a not for profit organization but I was wondering if you could give me in your words how it kind of got started, how it got formed and then the process of how, I guess, what happens when you become a member. So it’s a wide question.

Sarah Friedman: Well actually it was formed in 1967, which you know about and a group of businessmen in South Carolina would get together on Saturday mornings and have coffee and talk about the industry and what problems they were having and what they could do to grow their business. And it kept growing, they kept getting more people that were involved in it, more company owners or plant managers. So they decided to actually form an association. When it was started it was The South Carolina Needle Trade Association, SCNTA and only companies in South Carolina could be a part of the association and they also had to be either manufacturers or contractors for the industry. So they kept getting numbers from different parts of the state so they moved it from actually started in Johnsonville, South Carolina, that was the first meeting that was held in Johnsonville, South Carolina and then they decided to move it to Columbia because it was more centrally located, more company owners or plant managers trying to come to the meetings. So then they decided that they would open it up to other states and they decided they would only do the southeast because at that time that where the textiles and sewn products were really heavy in that area. And so the name changed to South Eastern Apparel Manufacturers Association. Then in 1970's they decided that supplier companies could be members also and by suppliers I mean fabric, trim, anything that you put into making a sewn product. So they made it The South Eastern Manufacturers Suppliers Association, still kept it South Eastern. And then that in went in through to the early 90's. And it was growing and other companies were interested that were not in the southeast but did not want to be a member because they felt with the name South Eastern they would not get the same attention that you would if you were in the south east coast. So they changed the name from South Eastern Manufacturers Suppliers Association just to SEAMS, just a trademark. And then so we opened it up for companies anywhere in the United States to be a member.

Researcher: Okay.

Sarah Friedman Friedman: And right now we're actually growing in California.

Researcher: Yeah, I printed out the list and I forgot to do double sided so I have huge book here but, yeah, I saw the LA quite a bit in there.

Sarah Friedman: Yes and we actually have two members right now that we're waiting to get their final write up to announce them and both of them are in California.

Researcher: Okay

Sarah Friedman: SO that’s just how it got started.

Researcher: And you said the business guys that were meeting, were they all in textiles I guess?
Sarah Friedman: They were in sewn products.

Researcher: [inaudible] 04:23 products okay.

Sarah Friedman: And then when they opened it up to suppliers then the textiles companies came in. So..

Researcher: Okay

Sarah Friedman: People get textiles and sewn products confused because textiles, of course, are definitely made out of textile products right but that’s normally your fabric people versus the sewn goods. Yes, the manufacturers contract yes with the machinery and the thread and this and that.

Researcher: yeah

Sarah Friedman: But they certainly work together and certainly well represented the across the board with that. I consider us a complete supply chain to the industry.

Researcher: Yeah it definitely seems like it from your members list.

Sarah Friedman: Yes it is, it really really is.

Researcher: So I guess my question is what happens once they become a member? Like I saw the fees and it’s kind of based on how many employees you have, so once they become a member where do the fees go? Is it like to hosting events, classes?

Sarah Friedman: They go into hosting events or having seminars.

Researcher: Okay.

Sarah Friedman: Working with the trade show that we have, I go to different trade shows. Are you familiar with IFAI?

Researcher: Yes.

Sarah Friedman: Okay. Their having a big show in Charlotte in October.

Researcher: Yeah, I think I'm actually going to go to that one.

Sarah Friedman: Come to our booth. We’re going to have a booth and probably 30 of our members are going to have a booth there.

Researcher: Okay

Sarah Friedman: I traveled to Anaheim last fall and worked their show there. We had a booth and so the money, it’s all used for different things to do that. Now what they get, what are their
benefits for being a part of the association? I think the biggest benefit that they can receive if they participate is the networking opportunities that we have.

Researcher: Yes

Sarah Friedman: To me that's… I like networking.

Researcher: Yeah I think just that happy hour that I went to, that you invited me to was great, I got so many business cards.

Sarah Friedman: I know it’s just wonderful. So I believe that that would be one of the biggest things that they could get and I encourage every company that joins to attend at least one of our conferences and, as part of their membership, they can come, it doesn’t cost you as much, a non-member has to pay $200 more than a member. Now our meetings are open, we do not have closed meetings. So you do not have to be a member to attend our conferences but it does cost you more money. So that's one of the benefits and the other is the announcement letting people know about their company, when they join.

Researcher: Yeah

Sarah Friedman: We do a broadcast web blast for them, [inaudible] 07:18 and let everybody know and then we also, any information they give us about their companies we load it into our database. And let’s say you needed someone to do a coat for the topcoat for you, so you could call up and say, I need some help. Do you know of any companies in the United States that could make me a pea coat or a topcoat? We would go to our database, pull that up and give you the names of companies that could do that. So as being a member then your name would automatically come up and then we turn let the members known that we've given their names out, we do not tell them who because they might not call them [inaudible] 08:04 we do not make a decision on who they should chose. We never do that because they would be showing favoritism. Recommending one member over another.

We also benefits providers for our members. We have workers comp, property casualty, we also health insurance provider and we have a logistics provider and then… I don’t know if you met with Rudolph or not with productive solutions, he does marketing for us and our members get a discount if they use him for marketing their products or if they are going to be attending shows or whatever he does that.

Researcher: Yeah

Sarah Friedman: Plus I have a background, manufacturing background. I'm an industrial engineer.

Researcher: Yeah I saw engineering so…
Sarah Friedman: So basically I’m there to help people also. If someone calls me up and were like well I have this problem. I can't get this to work. Can I bring it to you, can you help me on the phone or I'm having problems. So that's part of the benefits too of being a member because I am able to talk to people in different situations or if they are trying to find someone or get somebody started I can tell them sort of how they need to get a package together before they go out to do that. So that's part of the membership.

Researcher: Yeah it's nice to have a group of people to lean on.

Sarah Friedman: Yes. Plus our membership, if I can’t help them then we have someone in our association that can help. We have a very strong board of directors. So I'll just call them down, say can you help so and so they've got a problem, they need your help. Our board of directors would help them also.

Researcher: So going back to the clients, so basically members are in and you're saying kind of if someone’s coming to you and asking where should I source this, is there a fee for that?

Sarah Friedman: Not for members.

Researcher: Oh okay. So you’re saying like members within.

Sarah Friedman: Yes yes

Researcher: Okay, gotcha

Sarah Friedman: Yeah companies that are members there is no fee.

Researcher: Okay.

Sarah Friedman: And if they are looking for a mechanic or engineer or plant manager, if they're a part of our association then we'll send a blast out for them, we’ll advertise it on our website.

Researcher: Okay

Sarah Friedman: That doesn't cost anything.

Researcher: Yeah

Sarah Friedman: Non-members $200 to do that.

Researcher: Okay that makes sense now. So yeah talking about your background I saw the engineering and I guess you've been with SEAMS for about 18 years, is that right?

Sarah Friedman: Yes

Researcher: So how did you get to where you are today, kind of summary?
Sarah Friedman: Oh my gosh. Well I've been a part of SEAMS many, many years before coming in as an executive director.

Researcher: Okay

Sarah Friedman: I was the first woman president and actually the only woman president so I must not of done too good of a job [laughing].

Researcher: Oh no. I don’t know about that.

Sarah Friedman: But actually, luckily for me the company that I went to work for was a part of one of the founding members of SEAMS.

Researcher: Oh okay

Sarah Friedman: So when I worked to work there I had the privilege of learning about SEAMS, when I was really young and they used to have plant tours and they would come into our plant, I actually got to escort a group through and tell them everything. I was so excited and so passionate about it and I still am.

Researcher: Yeah I can tell.

Sarah Friedman: So I’ve been involved quite a few years. And the executive director was going to retire and they were looking for someone and they asked me if I would be interested and I talked to my husband, he said, if you would like to do it, do it.

Researcher: So when you first got into the industry what were you doing? You said you were working in the plant.

Sarah Friedman: Oh actually I was a machine operator.


Sarah Friedman: Yes, when I applied for an office job, they did not have one available. But the personnel manager, I had gone to school with her daughter, so she said, Sarah Friedman we have an opening on the floor and she knew my grandmother was a seamstress and knew how to sew. She said, if you would like to go work out there, do it and then when an office position becomes available you'll already be working here so it's going to be a great opportunity for you, you'll probably get the job. So I thought, okay I’m going to try it. I really liked it. So about 6 months later an office position opened up and they talked to me about it, so I asked how much are you going to be paying and all sorts of stuff and I decided that I would stay out on the floor and so shortly thereafter, the vice president of operations was in the plant and I had moved up into supervision. I was a supervisor and came over and talked to me and he said that they had gotten glowing reports about me and wanted to know if I would be interested in engineering. And thought no and at that point was when they were pushing for women to get into upper
management because there were not a lot of us and I said, I really don't know. He said well if you’re interested in it, we would pay for you to go to school at night and take classes.

Researcher: Yeah

Sarah Friedman: So I decided to do it.

Researcher: Yeah

Sarah Friedman: And luckily the head engineer that was there was very nice, he was easy to work with and he was going to retire. I worked with him for two years. He trained me.

Researcher: Oh that’s nice.

Sarah Friedman: And that’s how I got into the engineering part of it.

Researcher: Okay, taking the night classes right?

Sarah Friedman: Yes, yes. They paid, I worked and went to school at night.

Researcher: That's cool.

Sarah Friedman: That's kind of how I started.

Researcher: And then from there that took to...

Sarah Friedman: When he retired, I headed up our engineering department and I had only 2 people that worked with me. I wouldn't say for me, with me. And we had 5 plants and 20 contractors, so I would travel those plants and do things like that.

Researcher: Neat.

Sarah Friedman: That’s how I got started and that’s kind of how I moved up and then I got a divorce and decided I needed to relocate. So I moved and worked for another company but still was involved in SEAMS because they were members of SEAMS also.

Researcher: Did you always have a passion for sewn goods?

Sarah Friedman: Yes I love it.

Researcher: And you said your grandma was a seamstress?

Sarah Friedman: Grandmother was a seamstress. Yes, and so when I was little I can remember her sitting down mashing the pedal for her.

Researcher: Yeah same. My grandma yeah.
Sarah Friedman: I can still see her doing that. She used to make me the cutest clothes, so I guess, not thinking that I would ever do it but I just when started I loved it and I just didn’t want to do anything else and I never have.

Researcher: Nice.

Sarah Friedman: And so when this opportunity came up for executive director I knew it was way that I could really help a lot of companies.

Researcher: Yeah

Sarah Friedman: And help the industry and I wanted to do that. I want to give back.

Researcher: Yeah, I think that’s the cool thing about SEAMS. So talking about the members, I’ve kind of looked through this list, it looks like you have the small and large.

Sarah Friedman: Oh yes. We go from 2 to 10,000.

Researcher: So would you say, do you have like more of one or the other or do you even have entrepreneurs that come to SEAMS?

Sarah Friedman: Yes we do and I help them.

Researcher: Yeah.

Sarah Friedman: Yes. Then you'd be surprised when they get their business started and they get going and they want to be a member of SEAMS. See if you were to call me up and just say you needed help, I would talk to you.

Researcher: Yeah. Well I needed help with my thesis so you came me to help me.

Sarah Friedman: I will try to guide you and I would send you to some of our members that I knew could get you through steps 1, 2 and 3 before you get ready to take it to a large manufacturer but we could do that. But you asked about our members, I think we probably, if you averaged everybody, the average size would probably be 150 or 200 because we have them that’s so big and then we have them that’s really small.

Researcher: Okay. So how would you define SEAM's role in domestic manufacturing? I guess you can talk about maybe, how do you encourage your clients to become members? Or what incentives do you give them? And I'll let you answer that question but also I'd be interested to know if any of these clients/members have worked overseas and now they're coming back domestically.

Sarah Friedman: Yeah

Researcher: Okay
Sarah Friedman: Yes, yes. And quite few of the owners of these companies have people working for them that have been overseas and they've come back and they're wanting to come back, wanting to start something here and they're come back and work and start their own business and that type of stuff. So I would say that and then your question before that was?

Researcher: Kind of the incentives, I guess, do you have any to intrigue members besides the networking I guess?

Sarah Friedman: Yes the networking just like Texprocess, our supply USA chain that was the busiest, busiest area in that show. Everybody says that.

Researcher: That's great.

Sarah Friedman: Even Mr[inaudible] 19:17 says that. So I think seeing that and seeing that there is a reassuring effort that there are companies there outside of the United States that were looking for things. I’m working with a company now that is definitely bringing stuff back to the US and our members will have an opportunity to make these products.

Researcher: So do you think that SEAMS is kind of helping lead the way because it is like the first go to if a big company says, hey I want to bring my production back.

Sarah Friedman: Yes, yes and I do believe that we are the first company that they go to and a lot of other associations recommend us because of that. Like I had someone sent me an email yesterday. Sarah Friedman, I have a client that insists he has you as [inaudible] 20:15. They must be made in the US, do you have anybody? I can’t find anybody. So of course I go to my database and I pull it up. So I gave him a couple of names. So he emailed me back he said, I knew you would have them.

Researcher: The go to for the list.

Sarah Friedman: I knew you would know if you could make them.

Researcher: Does SEAMS have a defined corporate social responsibility? I know I saw like your mission statement, so is that kind of what you?

Sarah Friedman: Yes yes

Researcher: So in your opinion do you feel that partaking in domestic manufacturing gives the company competitive advantage over those who are not producing on American soil? And if so why?

Sarah Friedman: Definitely I think it is a competitive advantage, definitely so. How they use that or if they use that depends on the individuals within the companies. If they take advantage of it but now I’m prejudiced. I am totally, I try not to even wear anything that’s not made in the
United States so I’m very very careful about that but I think that and I’m sure you’ve studied it probably in your classes with what’s going on in China or with their wages are going up.

Researcher: They're becoming the middle class, yeah.

Sarah Friedman: Yes and as that happens they're actually wanting more and more US products.

Researcher: Yeah I actually read an article the other day about New Balance.

Sarah Friedman: Yeah

Researcher: They don't want the ones made in China, they will seek the ones made in the US, so that’s pretty cool.

Sarah Friedman: Yes it is, I think it's there. I don’t know if you follow anything from the Hill with what’s going on with the textiles own products industries. You mentioned New Balance and we were just… Something was going in the last 2 weeks that they were trying to… You know about the Berry Amendment? The made in the USA?

Researcher: Maybe?

Sarah Friedman: You need to read up on that. You need to really read up on that.

Researcher: I feel like… some of amendment I have in my notes but...

Sarah Friedman: The Berry Amendment, military.


Sarah Friedman: Yes.

Researcher: I know where we’re going now.

Sarah Friedman: You would be surprised at what goes on that people don’t realize about that affects manufacturers and something just happened with New Balance, believe or not

Researcher: Really?

Sarah Friedman: Yes with the Berry Amendment.

Researcher: Oh really

Sarah Friedman: You know New Balance furnishes most of the armed forces their shoes.

Researcher: I didn’t know that.

Sarah Friedman: Yes. So there was something going on. I send you some notes so you can read about it but you need to really understand. It’s really interesting. In the past 2 weeks, I’ll bet I’ve
got 20 emails about it, about what’s going on, they’re trying to change the origin and say that it doesn’t have to be in the US.

Researcher: Wow

Sarah Friedman: This type of stuff so there’s a lot that goes on behind the scenes. That’s interesting, and the Berry Amendment is huge for not just [inaudible] 24:04 for US textiles, manufacturing, everybody and so if you get more into that I think you would enjoy it.

Researcher: Yeah I was actually thinking the other day about how the government is so favoring of agriculture and you would think that they would carry that through with cotton, where can it go? It can stay here.

Sarah Friedman: That's exactly why. So when you get into it it really is something. I mean, to me, it’s fascinating and I get so pissed off about it. But anyway, needless to say, the bill didn’t pass.

Researcher: Okay

Sarah Friedman: We do not have a lobbyist that lobbies for SEAMS but we do work with other associations that spend a lot of time and lot of money up in DC to own the industry.

Researcher: Is that something that SEAMS would want to do?

Sarah Friedman: Probably down the road but we try not to…

Researcher: That’s opening a whole other can of worms there.

Sarah Friedman: Yes

Researcher: So I guess, do you feel that domestic manufacturing is coming back within the US? I think you said that earlier that you did.

Sarah Friedman: Yes it is. There's some things we have to do to make sure we get it and that we can do it when we get it and of course that is having the resources.

Researcher: Right.

Sarah Friedman: Training, we train up the operators, have supervision, engineers, mechanics and so that you can jump on that and take advantage of it. One thing that I hear over and over especially the really large companies that are bring work back and want to bring more back, is it’s hard to find factories that are big enough to produce because when they went off, when NAFTA passed, there were huge sewing plants. I mean you could find a sewing plant with 1,000 operators or 600 and now they have 100 or they have 75. So in order to get the same amount made which you did in '94, '95 you have to have 2 or 3 plants instead of one plant and they’re having to work with that to make that happen.
Researcher: Right

Sarah Friedman: But we've got some things going on that hopefully open that up and help our members [inaudible] 26:42

Researcher: Who do think or I guess big names that you think of off the top of your head that are already producing domestically?

Sarah Friedman: Well big names that I know that are working to bring things back would be… Well, Under Armour would be one.

Researcher: Yeah, I went to the talk at Texprocess

Sarah Friedman: And he's actually, I love Keith, and he was actually at networking reception.

Researcher: Yes, I think I talked to him for a little bit too. He's very creative.

Sarah Friedman: Amazing.

Researcher: Innovative guy.

Sarah Friedman: Yes, you need to get to talk with him. So I would say that that's one big one that's coming, I know that New Balance is willing to do the work. You know they still do, they actually still do quite a bit here and they are wanting to do more.

Researcher: Do you think that they'll become members of SEAMS as time goes on or is it?

Sarah Friedman: Probably. I don’t really push for that because I really want them to come to me and say, hey listen we need a 100,000 shorts made. Where can I go? I do know that as underarmor moves through I’m working with Keith on some different things.

Researcher: What do you think is not proven to be beneficial for domestic manufacturing?

Sarah Friedman: Do you mean product or what? Give me an example.

Researcher: So I guess, what would be, now I’m on the spot, I would probably what you're saying about the mass production like they have this many orders and now they're now in a vertical system, they have to work with multiple factories but if they're willing to do it and it works out then it's beneficial.

Sarah Friedman: Then you're okay but it's a challenge.

Researcher: Right

Sarah Friedman: And that’s one of the biggest ones that I see.
Researcher: Do you think there’s anything else? Maybe just even the mindset of trying to convince them?

Sarah Friedman: Oh yes, definitely. And sometimes and I tell many companies this, you can be your own worst enemy because instead of figuring out how you can do it, they are so busy saying, well we can’t do that or just doesn’t fit. You just can’t be that way. Well, let me get back to you I want to be a part of it, let me see what I can do. And then try to work on it.

Researcher: And it is kind of a mind-set of you’ve already thought well we can’t do that now but trying to change the system.

Sarah Friedman: Yes and not only that then you have to work with the companies that are wanting to bring work back and convince them that it can be done here.

Researcher: Right.

Sarah Friedman: Not just the ones that the manufacturers thinking they can but yes, you can do that, I can help you, we can find these people. We can work and make this happen.

Researcher: It sounds like at the big companies it’s all like who's going to go first, who's going to jump off the high dive and then we'll follow but we don’t want to be the first.

Sarah Friedman: Yes.

Researcher: Do you think there's any trade-offs that have to be made to produce domestically, the ones I wrote down examples were kind of like less advertising or maybe more e-commerce something like that.

Sarah Friedman: Maybe. I have to think about that.

Researcher: Okay, we can come back.

Sarah Friedman: Okay. So you're optimistic about the future of American manufacturing. Where do you think that it’s headed in the next 5-10 years?

Researcher: I think that… Well you know about Obama care. Remember how much [inaudible] 30:36 It’s hurt a lot of companies.

Sarah Friedman: Yeah

Researcher: So depending on that I think could swing American [inaudible] 30:45 something. I think you're going to see more growth from small companies going, getting larger and being more diversified because that is a key to not just concentrate on one or two products and we might have to be 5 or 6 products, maybe 10 products and diversify so that you are, if someone comes to you, you have the ability to produce something.
Sarah Friedman: Yeah

Researcher: That you know what's what. I think that would be something that definitely

Sarah Friedman: So just kind of the skill set of being able to do it all, don’t say no.

Researcher: Don’t say no, yes yeah.

Sarah Friedman: Okay. So since you’ve in the field for so long, what kind of trends have you seen working for SEAMS?

Researcher: Trends in…

Sarah Friedman: trends in the industry, maybe the trend of the kind of work left the US and now maybe it’s kind of coming back slowly, why it was leaving, something to that effect?

Researcher: Definitely, I mentioned NAFTA to you, you know that was [inaudible] 32:09 big sucking [laughing]

Sarah Friedman: Okay.

Researcher: And basically I think

END OF INTERVIEW
TexDel - Jordan Schindler

Researcher: To get started, I saw that you are from Seattle?

Jordan Schindler: Yes, I grew up in Arizona actually, went to school in Seattle, and came out here because of the textile connection and, luckily, I got introduced to Dan and Tony, and now I'm out here.

Researcher: Give me first a little bit of your background and then how you got into textile.

Jordan Schindler: Background not related to this at all. I went to school at University of Washington.

Researcher: Yeah, I saw political science?

Jordan Schindler: Political science and human rights, not related but I always had a passion for entrepreneurship and knew that is what I was going to do.

Researcher: Okay.

Jordan Schindler: I'll show you. It actually started with this product, so this is our first product. Basically went to the dermatologist and learned about the link between pillowcases and bad skin, and that you are supposed to wash your pillow casing 2 to 3 times a week, which as a college male is never going to happen. But it got me thinking how to benefit from textiles that is in contact with your skin for 7 or 8 hours a day. So started doing research and eventually got introduced to brilliant drug delivery PhD scientist. He works for us full-time now at our lab in Minneapolis, and so it’s since evolved to our core technology which is the ability to deliver a controlled dose of an active ingredient, so vitamin supplement, medication through textiles and have it remain machine washable for the life span of the garment. So anything from, like this is a sock with aspirin, so if you twist your ankle you get your aspirin that way.

Researcher: Yeah.

Jordan Schindler: Automotive companies are trying to do caffeine in steering wheels.

Researcher: Yeah I saw that.

Jordan Schindler: To keep truck drivers awake.

Researcher: Is that still in early phase?

Jordan Schindler: Yeah. Anti-cellulite tights and leggings is another interesting one.

Researcher: Oh okay.

Jordan Schindler: But we are sort of starting the cosmetic, more vitamin supplements, non-FDA regulated and spanning out more to pharma from there. But really we more of a drug delivery system than anything else.

Researcher: Okay, so as far as products that you have out in the market already, is this.
Jordan Schindler: Just that one. It’s sort of an initial version of our technology. It lasts for 20 washes, whereas, this will last for the life of the garment.

Researcher: Okay and has this been doing pretty well?

Jordan Schindler: Yeah. I mean you can buy it online. It’s on Walgreens Drug Store, all those. It pretty much manages itself. We spun it off into a separate part of the business.

Researcher: Okay.

Jordan Schindler: So we actually focused on licensing at this point. So licensing this yarn technology into athletics into pharma, into different applications.

Researcher: So then is that something that you would sell to companies to use that technology? Is that how that works?

Jordan Schindler: Yeah. What we are producing here is like more demo prototype line, and produce sample quantities but then caught Nike will come and say we want exclusive on pain relieving socks, and then we will say alright we will licence that capability to you, here is how you do it, here is the manufacturer that can do it.

Researcher: Yeah.

Jordan Schindler: And from there they would.

Researcher: Oh. So you would even be like, hey, here’s is a good manufacturer.

Jordan Schindler: Yeah so we are working with local manufacturers that are basically going to scale this up.

Researcher: So that kind of leads to my next question. What is Texdels’s role in domestic manufacturing, I mean, I know you said you working with domestic production facilities. Was it easy to find those connections? Were you passionate that you wanted to stay domestic, or you kind of open to either way?

Jordan Schindler: I mean after getting here we want to stay domestic, but really for IP reasons we don't want to go overseas, so that's the first and foremost is take this overseas to China you are going to lose the technology and patents. So that's why we are committed to domestic aside from the goodness of US manufacturing and helping people. So it’s sort of the two combined reasons but definitely going to stay local.

Researcher: Okay and you said you first met Dan and from him you kind of got connections.

Jordan Schindler: Randomly, like some on in Seattle knew someone at that Beal Manufacturing, like which is way down the road and then we actually got sent to Gaston College, I don't know if you know them?

Researcher: Yeah.

Jordan Schindler: Alright so we do work with those guys as well and they sent me here.
Researcher: Oh okay.

Jordan Schindler: So we have been here about a year now and it’s been great. Those guys are awesome.

Researcher: Do you guys have a defined corporate social responsibility? Or, maybe like a mission statement?

Jordan Schindler: No.

Researcher: Okay.

Jordan Schindler: I mean, what would be an example of that?

Researcher: Just kind of.

Jordan Schindler: Domestic manufacturing.

Researcher: Yes. Some have been like, oh, we are doing it for economic development, like we are creating jobs. That’s more for like the cut and sew side and that’s understandable.

Jordan Schindler: No, I mean, we are definitely hiring people but that’s not our specific mission statement.

Researcher: So what are your next steps? I guess you’re kind of saying that you’re looking to getting more licencing.

Jordan Schindler: So we are in the process of building, which will be outside a demo line, which will be able to produce, call it 50 pounds of yarn a week which is what we need, I mean we have large customers but the challenge is they don't have enough yarn to show their customers and to try. So basically we need the ability to produce reliable yarn so they can try it, sample it, give it to their customers, and then from there sort of place a much larger order. So we have done some smaller development yarn deals literally for 5 pounds of yarn.

Researcher: Okay. That has been with outside sources?

Jordan Schindler: This is with, yeah, all sort of with maybe plus million dollar companies.

Researcher: Okay can you name some of the, no?

Jordan Schindler: I mean they're sort of big companies in apparel that you would have heard of.

Researcher: Okay.

Jordan Schindler: So mostly starting in apparel and hosiery, sports medicine is another big one, so like menthol, Icy Hot, a knee sleeve or compression t-shirt. The other example Mora Pharma is I don't know if you are familiar with shingles, but it’s like a chicken pox but you get it all over. And the company that makes a patch called Q10, so that treats it, it’s literally like a patch and people don't know where to put it because it’s all over your back, so they are looking at putting that into a compression t-shirt where it basically covers your entire body, so it makes much more sense than.
Researcher: Just one thing.

Jordan Schindler: Yeah and then you have the challenges if you go in the shower your patch falls off.

Researcher: So would you say that like your biggest concern is, hey, let’s start with the yarn and then we can figure out what product. It sounds like you’re really thinking it full out.

Jordan Schindler: Basically we will start with the base yarn and match it to whatever the customer’s looking for.

Researcher: So if Nike comes to you and says.

Jordan Schindler: Yeah, I mean we can work with cotton, bamboo, nylons, spandex it doesn’t matter. And then what we are producing a finished cone or package of yarn with aspirin or menthol or with aloe vera and then from there that will get knitted into a sock, into a t-shirt, into a, whatever, scarf, garment.

Researcher: So this is kind of opinion question. Do you feel that partaking in domestic manufacturing gives companies a competitive advantage over those who are not and if so?

Jordan Schindler: I mean from an IP standpoint, yes, because you don't lose your technology.

Researcher: Even with designers that are making apparel, I feel like they lose their pattern rights a lot of the times.

Jordan Schindler: Yeah.

Researcher: So sort of the same thing?

Jordan Schindler: From a cost standpoint, probably not. But I think that is sort of irrelevant for us at this stage.

Researcher: And I think we might have already talked about this but, have you, you haven’t even touched overseas right because?

Jordan Schindler: I mean we have a couple of customers that we buy from overseas. There is a big pharma company that is looking at putting their medications into yarn, but the manufacturing would be done here. Here being North Carolina and this area.

Researcher: Okay another opinion, do you feel that domestic manufacturing is making a return?

Jordan Schindler: I'm noticing a trend.

Researcher: Yeah

Jordan Schindler: I don't know if I have been here long enough to say yes or no. I will tell you that there is definitely a sort of hiring gap. There’s a lot of people looking for skilled, sort of textile people and they don't really exist, not much in this area. That's because they have gone overseas or they have gone elsewhere, I don't know.
Researcher: Or they older.

Jordan Schindler: Or they older. So the people we brought on were literally both retired. We brought them out of retirement to work for us.

Researcher: A lot of the cut and sew places I’ve gone, it’s like, oh well, this lady is 80 something but she just loves to work so.

Jordan Schindler: Yeah it’s a problem because once those people retire, I don't know what everyone is going to do. But we are trying to hire two new people and having that problem. Specifically, you can’t say this, but we are looking for younger people, and it’s really hard to find especially in this area. I’ve also just been going to a lot of the temp places and like head hunters, and they’re saying, compared to when the recession was 2008-2009, there are way fewer people out of work, just across the board including textiles. But I don't know where they have gone, if they have just got older actually.

Researcher: Yeah. So can you name some big companies that you can think of from the top of your head that are coming back?

Jordan Schindler: Like, were dead and now they are coming back?

Researcher: Dead or maybe they were overseas and now they are thinking oh let's come back and work over here. For example one that I have heard of is New Balance recently. They kind of doing…

Jordan Schindler: Where?

Researcher: I think it’s in New York and its small runs of shoes, but they still have overseas, they’re still in China.

Jordan Schindler: In this area I can’t name any, I would say almost the reverse where its, I mean I can name a few companies that have gone out of business recently.

Researcher: Okay like what?

Jordan Schindler: Delta is one that comes to mind that just, I mean Tony and Dan can tell you way more about that, but locally here that have come I can’t name any, I'm not that connected to that part of the industry.

Researcher: Okay.

Jordan Schindler: I think Valdese is expanding. I think they are bringing on new people. They’re a good company. I don't know if you talked to them or not?

Researcher: No I haven’t.

Jordan Schindler: I can give you someone over there if you want to talk to them but?

Researcher: Yeah that will be great. Are they in this area?

Jordan Schindler: I don't know if you know where Valdese is? It’s like down 40, like maybe.
Researcher: I have never heard of it, but I keep learning all these small towns. North Carolina and South Carolina is.

Jordan Schindler: It’s called Valdese Weavers.

Researcher: Okay.

Jordan Schindler: I’ll make a note of it here.

Researcher: Okay.

Jordan Schindler: I'm sure they will have someone that will, actually wait I have there, they gave me a book that I didn’t want that I put in the library over there.

Researcher: Okay so maybe I can just go.

Jordan Schindler: Yeah I’ll go find it for you.

Researcher: Okay.

Jordan Schindler: They gave me like a hardcover book that's 100 years of manufacturing, and I'm kind of I don't know what to do with this, thank you.

Researcher: It's fun for a minute and then it’s like alright.

Jordan Schindler: Like put it in the library.

Researcher: What do you think is proven not to be beneficial for domestic manufacturing, and I know we said the cost? Do you think there is anything else?

Jordan Schindler: So you are looking at this specifically from, like personnel, or are we looking at it from, I guess I mean I would assume that land is more expensive, and I would assume that people cost is more expensive.

Researcher: The overhead.

Jordan Schindler: Yeah and I would assume equipment is more expensive, just because of importing. Like a lot of the equipment we are getting is from, like we ordered a piece of equipment from India and from China and even with the huge taxes it’s still cheaper than buying something here.

Researcher: As far as machinery because like in my point of view and you can correct me, but I think it would be harder to find the type of machinery that you need that it's even produced in the US.

Jordan Schindler: No that is totally right. I mean, either the equipment we need is overseas and we order it or it just doesn’t exist so we are building it. So most of the equipment we are going to put in here we are building it from scratch.

Researcher: Oh really.

Jordan Schindler: Yeah.
Researcher: And that you are building local too as well.

Jordan Schindler: Yeah that so great with Gaston, and they have a riverside campus so it’s all being built, so we are building a huge conveyer belt and we are building like a bunch of wheels and drawers and all this stuff yeah.

Researcher: And is that, and you can stop me if it’s too personal, but I guess funding how did you like get a start up? Are you having any grant money or anything like that?

Jordan Schindler: So we have raised just over a million from angel investors, mostly west coast and I don't know why we ended up in Valdese. It’s like a tiny little town and for some reason they have these random resources but Vedic is like a, I think they ADA backed but it’s a small business loan type thing. There is nothing else I can think of for disadvantages.

Researcher: Do you feel that you guys have had to make any trade-offs to produce domestically, like maybe, I guess this is kind of a hard question to answer because in my point of view it would be like we can’t have a brick and mortar store but it doesn’t sound like you even want to do that route, you are selling to a company.

Jordan Schindler: Right so we are B2B but I can answer from this standpoint, so like this is actually manufactured in China.

Researcher: Okay.

Jordan Schindler: So I actually went out to China and looked at the factory’s and from this standpoint, cost wise we couldn’t have even done it in the US. I wanted to do it in the US and we looked at Quotes from both sides of it. US would have been like ninety two dollars a pillowcase or something and China was seven, and so that tells you something like, and it’s not even like oh okay doesn’t care about the US, doesn’t want, like we wouldn’t have a business, we wouldn’t have a company.

Researcher: At the end of the day it’s just logical.

Jordan Schindler: Yeah, there is some of this that I get that’s like oh okay, like US wants to have to hire local that's great, if you can make it sustainable, but if you can’t have a business I mean then you are not going to be able to hire anyone and sort of move. I mean even if you hire 10 jobs in China but 10 is still better than US it’s still better than zero if you are not producing a
product. So yeah it just wasn’t feasible to do it just from a cost standpoint, from a minimal order standpoint it wasn’t feasible.

Researcher: Can you kind of talk me through that process, I mean did you actually went to China yourself, did you work with a broker like.

Jordan Schindler: Yeah I just all through Alibaba. I don't know if you are aware of that?

Researcher: Yeah actually another person was talking about…

Jordan Schindler: Yeah Alibaba is amazing. But we literally started researching, eventually found a couple of companies, actually one company makes the pillowcases and one that makes the bottles, and then we sources all of the oils so like lavender that are in this (pillowcase) from Europe, so it’s very complicated, but the guy flew out from Europe to China to oversee the process of applying it and all that.

Researcher: Oh really.

Jordan Schindler: And we had to pay for all the VISA and all that and it was still way cheaper than the US.

Researcher: Really?

Jordan Schindler: Yeah.

Researcher: That's amazing.

Jordan Schindler: Yeah I mean it wasn’t even close and we have all the fabric, especially with bamboo from China it's way cheaper as well. But I think it’s different when you are focused on IP, so this is IP that’s commercially available, whereas the stuff we are working on is all ours and our patents cover it, so it’s a different question. We wouldn’t ever look to make this in China. The only way we would was if the company had a US presence so we could do business with them and they would be subject to the US laws, so if it was Nike or something.

Researcher: So you think there are too many loopholes.

Jordan Schindler: I mean if you do it with a US company then you can sue them in the US so that's what it boils down too.

Researcher: Right that political side has helped out right?

Jordan Schindler: There you go.

Researcher: So kind of optimistic about American manufacturing for the soft goods apparel industry.

Jordan Schindler: I'm optimistic for anything that’s IP, smart textiles, wearable, so I mean people call this wearables but that's all sort of tech heavy textiles which is definitely very much sort of on the off swing.

Researcher: Yeah.
Jordan Schindler: Smart fabrics, wearable, all the sensors.

Researcher: All about checking your hydration now.

Jordan Schindler: Yeah, so we calling it bio textiles which is sort of smart textiles but it’s of different size, basically getting your medication through your textile. That's definitely on the off swing from a sort of raw fabric standpoint so probably not, but we have been working with a couple large mills, and part of this may be attributed to the presidential election, which I didn’t know even affected it but apparently it does, like, in an election cycle orders are always way down cause just on general uncertainty. So I think that’s a factor but I think that you are still seeing a loss of basically low paying, sort of lower priced products going to China. I don't think the US is ever going to compete in that market.

Researcher: Yeah I agree because I think, like, you know, you would be kind of stupid to make a t-shirt over here, if, you know, 100 other people are making t-shirts, so you kind of have to have a competitive advantage.

Jordan Schindler: Yes but anything that has something that differentiates it or unique, then definitely.

Researcher: So where do you think the industry will be headed in the next 5 or 10 years? You think these smart textiles are going to become more popular, be affordable to for the average.

Jordan Schindler: Yeah I mean the technology is getting there. I think smart textiles, wearables is definitely, and I don't know if you are familiar with any of like the Q Tech, pure Thread, Tommy Golfer. I don't know if you know any of those but they are all sort of technical. If you walk into Walgreens and look at the sock section and seen in that section they always have Tommy Golfer, and they have like, they make sleeves and knee braces and all that. All of that stuff is innovation that’s mostly in the US because it is differentiated and they can’t do it overseas, but everything else I would say, not so much.

Researcher: Okay, so do you feel, like so far what you fill out in the industry, do you think you are going to have some competitors or right now feeling pretty good.

[20:10]

Jordan Schindler: Right now I'm sort of trying to fly under the radar I think, but at some point if you are going to do something right you will have knock offs and competitors, but hopefully our patents cover us enough where we can sort of create our own way in the market. Give us enough head start where that's not an issue.

Researcher: I read something the other day to, like how at the end of the day you can’t sit around worrying about, because they are going to keep doing their businesses, as long as you keep focusing then that's going to improve you like.

Jordan Schindler: And I mean I like that quote, if you focus on everyone else you are never going to get anything done.

Researcher: Yeah.
Jordan Schindler: But so far no, we’ll see where we go.

Researcher: Okay, so opinion. What do you think consumers and their awareness and knowledge on domestic manufacturing, I mean you are a consumer yourself so do you care, do you check tags, labels? Like do you think there's…

Jordan Schindler: I don't think consumers know most of the time. I also, just from the manufacturing business, I think there are ways that you can, like the IPhone is a good example, it’s like assembled in California and, like, a lot of people do that and its okay.

Researcher: We were talking about that earlier where some designers now are saying like I designed in LA.

Jordan Schindler: Everyone does that, yeah. And we were looking at it, like well, this is kind of silly I mean, but I don't think the average consumer knows or cares honestly.

Researcher: Do you think there is any way to change that awareness? The way I kind of compared it is the food industry, or like craft beer, like, that’s becoming more and more popular, everyone is doing it, people want to know where their foods from, is it local, so how can we change that?

Jordan Schindler: Is that what you are trying to do with this or you just trying to?

Researcher: Well, I mean, I'm bias, of course, but my thesis is basically trying to discover some of the trade-offs that do have to be made, like if you want to work domestically you know people are afraid that, or we are just in the mindset of that it's always cheaper overseas but sometimes it’s not. Like for the small entrepreneurs that don't have maybe the huge investors like it’s smarter for them to stay here because they can go in face to face.

Jordan Schindler: I agree with that. I think there is a segment of the population, it’s a small segment but they’re going to pay 5 or 10 or 20 dollars more if it's US made. And I think that's the trade-off, it’s how much more money you are willing to pay for. To me it’s the same argument with like organic, it seems very similar in my mind. It’s okay on some things. I mean I use it with eggs. For some reason I only buy cage free eggs. I don't know why, but I'm not going to buy organic other stuff because I don't think it’s a big deal, but I think it’s a total branding perception thing most of the time. So I think if you had sort of a I don't know who would do it but general sort of awareness campaign, this is why you should focus on US manufacturing and absolutely I think that would sort of change people’s minds, but up to a certain price point people are going to say I don't care.

Researcher: I think it’s funny, I shop at a store called Francesca’s, a little boutiques, a chain and they sell kind of, I think it’s like nicer quality than H and M but it’s still affordable, you can like get a dress for just 30 dollars but I have been noticing now that they trying to say made in the USA and I'm noticing like why don't you guys advertising like this is marketing written all over it, like put a big flag right here and so I think it’s interesting that they do have the right price point but yeah.
Jordan Schindler: That is interesting. I wonder and I don't know what it is with some level of like, it has to be more than a certain percentage where you can say made in the USA and it's I don't know maybe you do?

Researcher: Basically it's where most of the production took place, so like if you, I don't know why you would do this, but if you like sewed sleeves over in China and brought the rest and made the full t-shirt here then you could say made in USA.

Jordan Schindler: So if you are just sourcing the fabric from China and you are bringing it in.

Researcher: You can still say made in the USA as long as it was.

Jordan Schindler: So that is where there is some scepticism in my mind because it from one product to the next it means something totally different made in the USA.

Researcher: Yeah.

Jordan Schindler: I mean I don't think there is one sort of standards where it’s okay, but I don't know.

Researcher: Just like the idea of saying made in America, well there is a north and a south so.

Jordan Schindler: Yeah there you go. Can you use that?

Researcher: I'm not sure I would have to look into that but there was kind of talk about, you know, what's the difference between saying made in America's instead of just made in America.

Jordan Schindler: I hear what you are saying. I know they said Mexico at one point for this and it’s like America. Yeah that quite interesting.

Researcher: So you said you do have some clients overseas that are looking to work with you guys.

Jordan Schindler: Yeah.

Researcher: How did you get hooked up with them? Was that through your investors or?

Jordan Schindler: They actually just found us I think through our web site or something.

Researcher: Oh that's good.

Jordan Schindler: Yeah one is like a European Pharm company and the other one is in Japan.

Researcher: Okay so I guess are you a member of the Carolina Textile District? How does that work? Are you kind of?

Jordan Schindler: I think I am but I’m going to be honest, I don't know what that is.

Researcher: Okay.

Jordan Schindler: Well I know that Tonya does that and she does good work but I don't know what actually she does.
Researcher: Well I would say you are kind of beyond the stage of… Like for her, she the go to person of what I just sat with was a group of entrepreneurs, that are kind of new to this and don't really know where.

Jordan Schindler: Is it the Textiles 101 class or was it something different?

Researcher: Yeah, I think it’s called Sewing Goods 101.

Jordan Schindler: Oh okay.

Researcher: But, yeah, we are literally just going through the whole process of kind of explaining to them, like, we have to source your fabric, you got to know what fabric you want, and then you have to find, like, do you have patterns, do you have a tech pack, do you have where you are going to produce this. So I think that's kind of.

Jordan Schindler: Are there any interesting ideas?

Researcher: Yeah I actually learned a few things that, I mean a lot of it is review for me because I did my background in design and I minored in marketing, and that's when I decided I want to do more on the business side, so I'm working on my masters and it's more based on production, but yeah I learned.

Jordan Schindler: Did the entrepreneurs have any interesting ideas?

[26:34]

Researcher: Yeah, actually it was cool. The cool thing I love about that, is just like having a group of people that just toss ideas off of each other, so each person was explaining what they were working on and they like oh well what about, have you tried this, have you tried that so.

Jordan Schindler: Yeah so is this something that Tonya ran or was it Dan?

Researcher: I think it the Carolina District Textile in general. I don't know whose idea it was but.

Jordan Schindler: Who was giving the presentation?

Researcher: Oh it was Tonya, yeah, Tonya and Sarah Chester. Do you know her?

Jordan Schindler: No.

Researcher: She's with Berk County Development.

Jordan Schindler: No I don't know her.

Researcher: Okay.

Jordan Schindler: I should sit in on that though. What we did here, we took the Textiles 101 class but I think it’s similar but it’s like this cotton and this is nylon and they give you the little card card and it tells you all that textiles, because when we came we knew nothing of textiles. I mean I still don't know anything about textiles.

Researcher: Okay you fake it till you make it.
Jordan Schindler: I like that expression as well, but it was great learning about all the different… In the beginning I didn’t know the difference, like, between yarn and fibre and knitting and weaving but.

Researcher: What about the scientists that you are working with. Did he have any?

Jordan Schindler: No, none of us had. We are, I mean not me, but they’re all on the drug delivery pharma side which is really what this is. It’s sort of a drug delivery device utilizing textiles. So we’ve had to educate ourselves in textiles, and that is why we are here because you can walk down the hall and make them talk to you.

Researcher: Yes, this is nice. Your neighbours can tell you all about it. So does textile have like a 5 year plan, what's next or what's in store?

Jordan Schindler: I would say, hopefully September 1 we will have this facility operational and then.

Researcher: I will have to come back in September.

Jordan Schindler: Yeah you should.

Jordan Schindler: Q1 2017, hopefully have two major companies that are buying products from us.

Researcher: Okay.

Jordan Schindler: And then sort of spanning up from there but it’s really right now we have too many customers, and not enough product. So we need to wait for that balance to catch up and then we can. There are so many companies that are interested that we want to talk to but just can’t until we can produce reliable yarn for them. So that's.

Researcher: You got to show it.

Jordan Schindler: Yeah so that's sort of the next year for us.

Researcher: What would you say to someone who wants to break into this industry, the soft goods like?

Jordan Schindler: What do you mean soft goods?

Researcher: Soft good is just the.

Jordan Schindler: You mean like a sock?

Researcher: Yeah, a sock would still count under apparel so pillowcases are soft goods, sheets are soft goods.

Jordan Schindler: So is there a difference between soft goods and sewn goods?

Researcher: Sewn good is in general. So that would include...

Jordan Schindler: Okay got you.
Researcher: I say that but I'm pretty sure that's how it works, yeah. Sewn goods. So textiles is usually different from sewn goods, so textile is like knitting a fabric, whereas sewn goods is all about the production. They all merge together.

Jordan Schindler: They do.

Researcher: Yes but at the end of the day people like to make sure that oh I work with sewn goods because I’m like a cut and sew. Whereas, like, oh I actually manufactured the textile.

Jordan Schindler: So would you call a sock cut and sew or not?

Researcher: I don't know. I will have to research that one. I think it would be under.

Jordan Schindler: I mean it’s like circular.

Researcher: I think it’s a textile yeah because at the end of the day its knitting.

Jordan Schindler: Well, isn’t everything a textile?

Researcher: Yes.

Jordan Schindler: Okay. Like everything you are wearing is a textile right.

Researcher: Right and carpet.

Jordan Schindler: Like seats are also a textile.

Researcher: Yeah.

Jordan Schindler: Okay, anyway, I don’t know the difference but, sorry, what was the question?

Researcher: It could be a lot of defining it. Just kind of, what would be your words of advice, your dos and don’ts from your experience trying to get into this industry, like what have you learned, what have you done wrong?

Jordan Schindler: I don’t’ even know what industry we’re in. We’re sort of in textiles and we are more in biotech. I would say the first thing to do would be come here, and take the classes and learn and talk to Dan and Tony, Tom. That is how we learn more than anything else was by being here, but I don't know I would certainly recommend people going about it, it’s not that hard.

Researcher: And I think that's an interesting point of view because you are doing the science side but it’s like, well just come here and we will teach you all about the textiles and then you guys can just merge your ideas.

Jordan Schindler: That is exactly what they just told us. So we hiring the PhD chemist for the lab right here and we have been looking at, we trying to decide if we want a textile person or chemistry person, and Tony and Dan are like look get a chemistry person we can teach the textile side. They told me that this morning and I was like okay. So I think that's right. It’s not to discount the textiles because they are so much complexity.
Researcher: And plus I would say you would probably find the chemist easier than.

Jordan Schindler: Probably would.

Researcher: Because they have years of experience too and a trade that not many people have.

Jordan Schindler: I know I mean that is what's sad is, it's sort of dying off, but I think our base right now they have the experience here to help the textile side of it.

Researcher: Yes so you cover one side, they’ll cover the rest.

Jordan Schindler: Exactly. So it’s a cool merging of the two ideas.

Researcher: Well that is all the questions I have. Do you have anything else you want to add for the recording?

Jordan Schindler: No not really.

Researcher: Okay sounds good.

END OF INTERVIEW
TS Designs (Burlington, NC) - Eric Henry

Researcher: So yes do you want to start with the history?

Eric Henry: Sure TS Designs has been in business for 38 years. I started when I was at NC State in 1978. I went to NC State in 1976. I started my business in 1978 while I was a student and essentially just selling t-shirts to clubs and organizations on campus. I actually a business called Creating Screen Designs. Two years later I met my business partner Tom Sineath, also a graduate at NC State. I transferred to UNC, was going to be an econ major. And then going into my senior year with 18 hours of go, and without my parents blessings, I dropped out of college because I had so many people working for me. I had representation in both North and South Carolina. I enjoyed what I was doing. I opted not to finish and then my business partner who had started TS Designs. We incorporated TS Designs in which he became the CEO and I became the president and then we grew the business with what they call high volume contracts screen printing. We had brands like Tommy, Nike, Gap, Polo. Moved in this building 24 or 25 years ago riding that wave of that business and grew into about 100 plus people. We were very successful from the standpoint of we were growing, we were profitable, paying people well, had great benefits and then January 1, 1994, NAFTA was ratified and about two years after that we shrunk to about 14 employees. The brands could not get overseas quick enough. To me that is when the whole apparel industry changed. I like to tell people prior to 1994 companies like Nike had their apparel office in Charlotte, North Carolina.

Researcher: Yeah I actually talked to [Name Redacted] and they worked with Nike, Adidas, and the same kind of happened - they had 80 employees and now they have 8.

Eric Henry: Yes, and so it was a big shift. I think that consumers got focused on price and definitely the brands also got focused on price. The brands was the ones that makes a lot of money by outsourcing to developing countries, cutting my labor costs. The consumer was some what fooled. Yes, your apparel came cheaper but also your neighbor lost his job.

So at the day it impacts the community in which we live in and it has devastated textiles. We were a textile community in North Carolina, South Carolina, Tennessee, and Virginia. We realized that business had gone away. We realized that if we want to stay in the business we had to re-invent ourselves. Fortunately I had a very good friend, Sam More. He actually he had a textile chemistry business at the bottom of this hill that was about a $50 million a year business. NAFTA eventually took them out where they got bought out that really shrunk away did that. But he was the one that introduced the idea of sustainable business model, triple bottom line people plant it profit. And again in the 90s nobody talked about that. It was all about maximizing your bottom line. Fortunately we had the components. Ever since we had been in business, employees had been as far the most valuable assist. So we did everything we can do maximize their pay, maximize their benefits within the scheme of what the business can afford. We’ve always had health care, we’ve had some kind of retirement. So we had that component in place. Ever since I was a child I had a small organic garden behind my parents house which they still in Burlington. So I was interested in the environmental impact that man was having on earth I kind of grew up with that. So the components were there of people plant it profit. Sam was the one that said run a business that way, run a business with those values. So we basically changed our mission to run a successful company while simultaneously looking after people planet profit. We
also realized that since the market is changed and that we are not going to be successful by competing in the global marketplace based on price. So we changed our focus to create the highest quality, most sustainable print apparel. With that and working with Sam who was a textile chemist at the time, went on to get an international degree in sustainability or should say a PHD in international sustainability. We developed the process which is called rehance [4:57] which is only your shirt. That was a white t-shirt which I will show you. We print then garment dye. Nobody in the world does t-shirts the way we do t-shirts. The reason we did that process is back to creating highest volume, most sustainable print apparel. We wanted to move away from what t-shirts are normally printed with which is called plastisol ink, that plastic resin stuff you feel on the shirt which normally contain PVC, Polyvinyl chloride, things we do not really need in the environment. So we did that plus by garment dying [5:28] that shirt will never shrink. That is what is happening now. We have another facility about five miles from here and it does run Friday, Saturday and sometimes Sunday takes white t-shirt to make color t-shirts. So we started that and 8 years ago we launched the brand Cotton of the Carolinas and the reason we did that is two-fold. First of all we grow a lot of great cotton in the Carolinas. Second of all we felt like felt that we addressed what we do the printing side of it and the dying side for environmental impact but where we’re printing the shirts made overseas, there were less and less available blank t-shirts that were made in the US cause, again, t-shirts, in the scheme of apparel, is at the very bottom of price. Everybody is focused on the price so of course you are going to make it in a developing country because you can make it a lot cheaper. So we wanted to connect cotton back to jobs back to t-shirts. So again with Sam’s [6:31] insight we launched a new brand that is called Cotton of the Carolinas which is, we like to say, “we go dirt to shirt.” We go 600 miles, we impact 500 jobs but what I think is the coolest and most important thing due to the tracking thread that is in your inside sleeve of your shirt it has that contrast right there and has contrasting thread on the hem of your shirt. So we’re going to work on tying that. There is another website out there whereyourclothing.com so if you take those two colors and you put them into that website it brings up a map. From that map I want to introduce you to the farmer, the spinner, knitter, the finisher, the cut sew and his sons. I will give you a picture. I will give you a phone number. I will give you a physical address. Full transparency - what the apparel industry does not have.

Researcher: And that website is already running?

Eric Henry: Yes, and we are going to ramp that up this fall. We are evolving to the next… One thing about any business, I don’t care if it is technology, apparel, or food, you have got to continue to evolve because you learn and things change. We are becoming more an apparel company then a print company. So we are going to move to whereyourclothing.com. Again, we launched Cotton of the Carolinas. From there we launch a branch called Cloud Organic which uses certified organic yarn from India although manufactured North Carolina. We have another brand called American Soil Organic which uses Texas organic cotton because we struggle to grow organic cotton in the Carolinas so that’s conventional GMO cotton. Then we have our latest brand that will come out this fall we are test driving one now that is called Carolina Blend which is 50% Cotton of the Carolinas and 50% recycled polyester AKA water bottles. We are becoming more known for our apparel brands, our t-shirt brands. We’re known for being transparent to the source. So with whereyourclothing.com we are going to start selling this fall in a B to C consumer platform, solid color blank t-shirts. We believe that we are making the best t-shirts, we have the best story, and we make it the most sustainable. Again, one of the things that
we had done this fall is that we have really ramped up the strength of our supply chain and with that we are doing most of our t-shirt cut and sew in Greensboro at Industry of the Blind. They are making between 8 and 10 thousand t-shirts a month for us. Again we want to work with the community which we live in and employ as many people in that supply chain. We impact well over 500 jobs.

Researcher: Are you spinning the cotton? I guess you have a mill?

Eric Henry: No, what we do is we secure the cotton at the source from the farmer. So that is how we developed Cotton of the Carolinas, how we control it by us the raw resources of cotton. We determine where it goes and how it is processed.

Researcher: Where is it usually processed?

Eric Henry: You will see it on the website but the cotton comes from New London, North Carolina mainly, which is near Asheboro. Then it goes to the Spun Lab which is in Graniteville, South Carolina for the spinning. Then it goes to Allendale in Troy, North Carolina for the knitting. Then it goes to South Forth in Lincolnton for finishing. Then it goes to Industry of the Blind for cutting and sew in Greensboro, then it comes to us. Now we have other suppliers and that is the reason we have the tracking thread system. When we first started Cotton of the Carolinas we put a number in there but that is when we had one farmer, spinner and knitter. We do somewhere around 200,000 shirts this year just for Cotton of the Carolinas. So we have other people within our supply chain that we utilize so for some reason if it is a special product or special need or quick turn we have some other cutting operations that we use in the Carolinas. So that is why the color thread would change. So that way you can always take that color again with the t-shirts, always take the thread, always go to the website, always get the supply chain. No apparel company does that, no other apparel company wants you to do that. I am sure the overwhelming majority of the apparel that that show is made overseas. The reason they do that again, is that they take advantage. Now people like at Patagonia, they do it a transparent way. They basically pay living wages but a living wage in Vietnam is a lot different than the living wage in this country. One thing that I like to say is that if you go outside of your market for a product or service your market could deliver here i.e. apparel. But if you go overseas to by that apparel you can make more money but you lay the person off here in the US then basically you are part of the problem. So that is what envision. It won’t be in my lifetime, maybe in your lifetime. But the apparel brands we know today cannot be and will not be the apparel brands of the future. The model doesn’t work to have a company like VF Corporation, a multi-million dollar corporation, the largest apparel brand company in the world. They make everything from Lee to Wrangler to Timberland to Nautica, you know, they make nothing in this country. So the way their model works and the way they support that big corporate… yes they are addressing sustainability in these developing countries but there is no way that model will allow them to bring it back to this country. I was just reading the other day the new CEO has taken over our Ralph Lauren. Twenty one million dollars a year. Base salary.

Researcher: That’s his salary? Wow!

Eric Henry: But they also sell a $90 white t-shirt that comes from China. There’s no way you can justify that guy’s salary and there’s no way that’s a $90 t-shirt. At the end of the day, it is the consumer that drives this. We probably spend… most of my time is just educating consumers.
Researcher: Yes that is one of my questions. How do you think that we do? Most everyone has said, hey it is a matter of educating and saying hey, don’t use it as a trend, keep it.

Eric Henry: We are very similar to what happened to the local food movement. We lost focus on where our food came from. We got focused on the value meal at McDonald’s and yes, it is good food and yes, it is cheap. But it is not good for us, for the community, for the plant, whatever. So the people starting to wake up and say I want to know my food comes from and I want to know my farmer. Well, apparel touches our life every day, we put on clothes every day, so if we can start having that same question. And, again I like to talk about sustainability being the journey not the destination. It is not a perfect world. The other day, I spoke down at a net impact thing in Durham and the lady hosting it gave me a hard time because she saw me drinking water out of a plastic water bottle. I usually carry some. And she was joking but I understand what I was doing there. First of all I should have gone over to the sink and got it instead of this plastic water bottle they got me that is going to maybe get recycled. But it all starts by just being aware. I had this group of Fulbright Scholars from Germany her last week. I have asked this question hundreds and hundreds of times - can you tell me, without looking, the country origin of your shirt you are wearing today is from? Rarely can people do that. They bought it because of the look or the price. Until they get involved and aware, and, again, I’m not saying China is bad, it just starts with you being aware and then once you become aware you’ll make better decisions. I didn’t one day just start drinking out of a reasonable container, I evolved into that. Six or seven years ago I didn’t know what fair trade organic coffee was. Now I know what it is and that’s all we buy. I pay more money but I understand the value. Again sustainability is the journey not the destination. As long as I am on this planet, that’s how me and my wife think. We live on a farm, we have chicken, we grow a lot of our own vegetables. Our neighbors do grass fed beef. I understand that value. Does that mean that once a month I will won’t end up in that shitty Wendy’s because I am in a hurry and need something to eat? And if I do not eat I am going to have a headache and not function well the rest of the day. But when I go into that Wendy’s, I know I am not do myself health wise any good, I am not supporting the local business, I don’t even want to think of the life that animal lived that I just ate. But again if you are trying to shoot for that perfect world you are going to be frustrated. Things happen. It’s the reason I was making that presentation and I was in the middle of it and I grabbed that plastic water bottle. I understand exactly what I was doing and I shouldn’t have done it but again I just needed water. It is just being aware of the circumstances and we do it everyday. Everyday you buy a cup of coffee, you buy a new shirt, you buy a tank of gas - just be aware of what you are doing. When you are doing it be aware of the consequence because we live life in a time where everything is valued on the price. In a presidential year I am glad to see Hillary not support TPP.

Researcher: I was going to ask what is your opinion on the …

Eric Henry: My problem with TPP, don’t get me wrong. On the Trump side. The global market place we can’t put the genie back in the bottle. It is what it is. Doing tariffs and not trading with them, that’s not going to happen. Two things has have got to happen. First of all, we have got to change the tools in which we measure the costs. If you are bringing a product from overseas into our market, yes, it is cheap, no question about that. But what is the value of those 500 jobs that I’m creating in the Carolinas that are basically paying taxes. These people live here. We have to build better tools not so see what the market says the price is but what the total cost is. And then if it is coming from a developing country and they do not have the same environmental
compliance that I am. In China we let them make our products we just moved our manufacturing there because they have less environmental regulation there than we have. So we are trashing their environment so that we keep our environment cheap. So we have to find the tools in which to measure what the true cost is. The other problem that I have with TPP, and again, I’ll be the first to say I haven’t dug into the hundred of documents here but they are addressing the environmental and social concerns that weren’t addressed with NAFTA. NAFTA just says let the market place figure it out. It is cheaper over there. The winners win the losers lose. It was a disaster because as I said they just quickly went to Mexico where the labor is cheaper, they didn’t have the social, environmental compliance. Suppose that is in TPP? My question that I ask our legislators in Washington is how do you enforce that in developing countries? The problem with the developing countries is since there is no enforcement regulation it is very easy to corrupt these people. You can tell them to do X but I you put price pressure on them they are going to do Y and who is going to enforce them. In the states here there is mechanisms in place if we do things that are abusive to our employees, abusive to the environment - there are thing that will catch up with us. Developing countries do not have that. When we check things coming in, it’s 1% of it, it’s is so small. I do not know what the answer is. But you can make sure the consumer who buys that, they have that information to access, to see your supply change. It is like the organics stamps on food, very few people will check that out but we want that half of 1%, the person who wants to find our supply chain, they can go see our farmer. They don’t have to ask me – go visit him. The same thing, you might have the ability to go to Bangladesh and if it says made in mill X, go to mill X. I think we can solve a lot of our regulation problems if we start being transparent. I’m not just talking about apparel, I am talking about food, I’m talking about energy. We have the power with the internet to access information, there is no excuse to not be available so we need to require this. We need to go beyond the country of origin and they say oh, that’s to complicated, that’s BS. They’ve got sourcing people that are sourcing, that information is available. The other thing that I use to get when we came up with Cotton of the Carolinas, you are giving away your competitive advantage when you tell people your supply chain. I mean, literally, you can go to whereyourclothing.com today and in a couple of months have your own t-shirt line. The information is there but I think there’s a lot more to be gained by sharing the information than saying, trust me I have got it. Because usually the “trust me, I got it” turns out to be a disaster. These companies that are in Bangladesh are only there for one reason those people work producing apparel for a 26 cents per hour and that’s US wages. So when they say when this building collapsed and lots of people died, they say oh it was so and so, it wasn’t suppose to do that. No. You were there. Now the way they’ve got it set up, they’re going through agents, no brand, no company is going to go to jail for this but the blood's on your hands. You know why you were in Bangladesh – so you could make your stuff cheaper so you can make more money, so you are just as guilty. You are responsible for those people dying. Back to the OR show, it is amazing to see how many brands that still make products over there and I can tell you that very little has happened.

Researcher: I went to the Made in American talk when I was there and it was Duluth Pack and Farm to Feet and his name was Tom. He’s the president of Duluth Pack out of Minnesota. He was talking about labor and how a company has to decide whether it is going to be a cost or an investment for the company and I think a lot of companies use it as a cost and that labor gets the cheapest amount of that.
Eric Henry: Yes and that’s the thing that we want to do with Cotton of the Carolinas, we want to put a face behind the product. We want to get as many people into our supply chain and meet these people so you have a connection. This is the reason my wife and I moved to a farm and in the summertime, when we are home, we know where our food comes from. Yes, it’s more expensive but to sit down and eat a steak to know it came from this farm and this cow, and know what the environment is, I will pay more for this steak. I appreciate that value. I understand that value. I would rather have that than that steak that was advertised as the world’s best steak, have no idea where it came from and then 6 months later we found out that it was some big scam on some farm that said it was X and but it was Y. The value of transparency and I think many people understand it. Yes there is a cost to it but but it’s not that our stuff cost more, it’s the things that we are competing that are not priced properly. But that’s a very good point - labor is an expense item and not an investment. Our t-shirts cost more not because we are making more money, not because we know what we’re doing, but because we see it as an investment. We are making it here. We are not cheating the system. I could easily create this cool brand, I mean you see all these southern theme type t-shirts. There not made in this country.

Researcher: Yeah. I, recently there is this bag company in South Carolina called Spartina and my aunt loves it. I said this is kind of cool. It’s inspired by Daufuskie Island down there and part of the money goes back to the heritage there but then did some research and discovered that all the bags is made in China! Maybe not the best.

Eric Henry: I am just amazed at how you could sit in a marketing or business strategy and talk about promoting an area and then go make it somewhere else.

Researcher: Yeah, I was disappointed of that they was advertising it so much and, like, come help us, we are enhancing the Daufuskie Island heritage, the island culture and it’s not even made there.

Eric Henry: Yes and we make so much more money by doing this but you are still cheating the system. That is what we are competing with and it is our biggest competition – not other companies, just price. Our business is growing and we’ll probably do about 200,000 Cotton of the Carolinas t-shirt this year compared to the first year when we did 7,500.

Researcher: How old are Cotton Carolina?

Eric Henry: It is 8 years this year. There is a growing interest with young people like yourself that are seeing that value of quality knowing where it came from. That value of local that was destroyed when trade deals like NAFTA came along. The whole market is all about price and that’s why Walmart is Walmart.

Researcher: What about your clients? I saw that you work with some client still like REI, Whole Foods, Sun Dance, Discovery Channel? Do you have an estimate, percentage wise of small clients versus the big clients?

Eric Henry: Even our pre NAFTA we had 8 or 9 customers that gave us 90% of our business. Nike alone was three or four hundred thousand t-shirts a year. We have no single customers anywhere close to that size but we have hundreds if not thousands of customers. An average order now for us is only 200 pieces, it is the minimum. We are selling the full package now. Instead of putting the 50 cent print on a Nike T-shirt, I’m now selling a $12 t-shirt. So the whole
business model has changed and our customers have to see a value beyond price. It can be social value, environmental value, quality value or any of those values. They’ve got to see that. They are not coming here because they are looking for cheap t-shirts. Within that challenge we have brands like Whole Foods, like NPR. We just did a thing organic value. These companies are not in the apparel business but they want to give away or sell a product that meets their values beyond price. Then we actually have other brands - green label organics, green three, pass the gravy. These are private label brands that we do the vacuum manufacturing because they want to participate in the quality and the transparency in the local. So it is probably about 50/50 of our brand and stuff and a shirt that will go to Whole Foods or a private label that go to a brand that will end up in a REI or a mass general store, something like that. So those are our two big channels.

Researcher: Do you do more wholesale or direct consumer?

Eric Henry: We do very, very little direct to consumer but solid color blanks through whereyourclothing.com this fall. That’ll be e-commerce. I grew up during the invention of the mall idea. That was the hot thing. But it’s kind of like the banks. Who goes to the bank anymore? The nice thing about the direct consumer is that we can do a lot better. We can do some wholesale but I really want to grow that because we can connect directly to the consumer direct and we do not have to get worried about getting stuck with that retailer that either doesn’t represent our product correctly. It’s going to take some time to evolve there but that is one of our evolutions.

Researcher: You think that will be up by next year?

Eric Henry: No, I want to be, hopefully by November 1 so that we can start doing some Christmas sales. That is what we are getting set up. We have a photo shoot this afternoon. The other cool thing is it is the hemp X conference in the fall. We passed the industrial hemp bill and we now have the Hemp Commission so we are still a few years out. We’re going to start letting our farmers grow hemp.

Researcher: I didn’t know that.

Eric Henry: On my bucket list here is to not only grow hemp but to make apparel out of hemp.

Researcher: And North Carolina did pass that?

Eric Henry: Yep, one of the few good things that came out of North Carolina this year. Are you a resident of North Carolina?

Researcher: I am now, yes so I get in-state tuition.

Eric Henry: Are you registered to vote?

Researcher: Yes.

Eric Henry: Good. I’m not going to try to sway your vote. For a smart person like you it doesn’t take a lot for you to be informed.
Researcher: Yes. And talking about the B-Corporation, I saw you are the first in North Carolina to be certified. Was that what you went after or did you already have the practices was it like a no brainier?

Eric Henry: We realized again when we started this idea of a triple bottom line business, practicing sustainability, all that, in the early days it was just people saying stuff. So we wanted to look for outside or third party validation of what we are doing. There is a certification out of Germany called Oeko Tex [33:10] so we got the rehance process Oeko Tex certified because as I told you it was environmentally, water based, and all of that. So this is a company that get all of our chemicals, does all its tests, and validates that. While we were doing that we had friends at a startup called B Labs, Benefits Corporation and again it was a third party certification of how you run your business based on a triple bottom line. Again, it’s the business side, you can be a law office or you can be a manufacturer. It’s a lot of like LEADS certification for buildings. You go through this 2 year process. It does take a lot of time.

Researcher: Are there different levels?

Eric Henry: Yes, well, you get a score. You’ve got to get at least 80 then you are audited and then you become certified. There’s another thing… There’s S Corps and C Corps which structure is maximized for your shareholders.

Researcher: Yes, I heard about Valdese Weavers they just recently switched to that. Valdese Weavers of Valdese, North Carolina. I interviewed them, that’s how I know.

Eric Henry: In North Carolina… We’re B Certified. You can actually become a benefit corporation. Actually change you corporate by-laws, instead of being S corps or C corps and you can be a benefit corp. It actually requires you to do this audit process to validate that you are a benefit corporation or triple bottom line business. But it also gives you a greater latitude with your investors, shareholders and what to do with your profits. I don’t have to go back with the shareholders. Unfortunately North Carolina has decided not to participate. There are 31 other states that allow, including Tennessee, South Carolina, Virginia. We could have been in the top 5 but they had turned it down 3 times. It’s neutral for our state and it’s an option for business but they will not allow it because it is part of a progressive agenda. The problem is in Raleigh. They constantly say we want to make North Carolina more business friendly. This is stuff that people do not know about but actually last time we were there at the fall I was going around to see the representatives. There was a lady with us. Her son was not with us. Her son lost his arm or his leg in Iraq or Afghanistan and is starting a prosthesis business. He didn’t start his business in North Carolina. He went to Oregon to start his business because he wanted to start it as a benefit corporation. So I told the lady they just lost a business. This is a business that wanted to come to North Carolina but they are not making it business friendly because of stuff like HB 2. They’re making North Carolina business friendly for the businesses they want. We are going to have what we call champion’s retreat which is an annual event which would have been 500 people from around the world that would have come to Durham, North Carolina but now they’re going to Philadelphia. We worked over a year to bring that event here but the group says how can we talk about being inclusive and then come to a state that is not inclusive. That event would bring like a thousand people, spending four or five days in Durham, North Carolina from around the world. That’s a million dollars and it just went away to Philadelphia. I am a little frustrated with this folks. Meanwhile hopefully we will replace our governor this fall.
Researcher: Yeah, with the election coming up, we’ll see. We have talked about that you had clients like Nike who went overseas. Have you had clients come to you recently that were working overseas and are trying to come back?

Eric Henry: Most of our growth and most of our success is with smaller, start-up companies. That being said that I have people like King Shoes, they want our most sustainable which is our Texas organic shirt.[37:58] We do a big prop with them. We are now in discussion with Patagonia but it has to be some very forward thinking brands. And this has to be build into the soul of your business that you want to make the transition. If you are just looking to have a made in USA product in your line because there are some customers that want it, I am not here for a one season flash in the pants. I am looking for people to make a commitment to do something. You know I can see if someone is just trying to hit a hot trend and do a little of marketing to get something out of it. There’s no soul to the commitment there. I am just looking for companies that are on that journey. It’s not all going to come back here. But there are some things that need to come back here and we want to support those people to bring it back.

Researcher: Do you think that it is coming back because I read a article just yesterday how Adidas just opened a factory just out in Cherokee County outside of Atlanta. So do you think that the bigger corporations are trying to come back?

Eric Henry: Yeah, I mean it is interesting. I didn’t know about Adidas until now. But are they trying to do that because of the thing that we can do is a lot more nimble we can move a lot faster. You do not have the shipping issues, you do not have the communication issues. There’s a value to that.

Researcher: What are your typical turn around times?

Eric Henry: Two to three weeks. But the way we are able to do that, to go from raw cotton to finished t-shirts is about three months so we are constantly looking at our sales and our manufacturing pipeline and trying the best we can to plan. We are competing with an industry where the blanks are on the shelf and they can get them tomorrow and the print process is even faster than ours. So we educate our customers, yes we need more for our print/dye process. We do have customers that plan way ahead but the average customer orders and expects delivery within three weeks. And we are probably, in our industry, for print t-shirt does that in a week. The first week is the printing and the dying and the next week is the packing and shipping. We can do it shorter if we need to buy typically we like two to three weeks.

Researcher: Would you say that is one of the competitive advantages? What is the competitive advantages of working of working domestically versus overseas? Some of the answers that I have heard are quicker turnaround times also face to face communications.

Eric Henry: By far it is the face to face communications. We’ve been dealing with a quality problem this week with our supply chain and within hours we get people together to talk about it. And, sure, you might be saving 50 cents or a dollar if it’s overseas but I can only imagine it is a nightmare with the time zones, the languages. And a lot of times we get a lot more accomplished face to face then trying to go through the emails. So you cannot say I want a face to face and will go to China tomorrow so you need to plan it out and be there for awhile and stuff like that. That,
by far, is the best thing for us is having that supply chain. Probably the furthest person away is our spinner they are about 3 hours away and then our cut and sew is 20 minutes up the road.

Researcher: Are you partnering with any… I know I got this shirt when I went to the Farm to Feet barbeque and they handed out this T-shirt. Do you partner with companies like that?

Eric Henry: Well, partner is kind of a loose term but we support each other. When they need to do some marketing and need something to give out we help each other, we give them a hand. We are on that same track of what we want to do with our product. I was just visiting Farm to Feet last week. Their customer is buying their Farm to Feet socks. If they were in the market for printed t-shirts they would be interested in us.

Researcher: What are your opinions, is anything not proven to be benefit to domestic manufacturing? I guess you could say cost if you are looking to get bigger revenue.

Eric Henry: You know I was just working on the program this morning and when you talk about cost of labor that just filters down to everything that we do. In our sampling and packaging all of that stuff costs because at the end of the day there is labor so a lot of people are getting stuff in developing countries like Pakistan or Bangladesh. Things like a hang tags, let’s say, is literally free because they are basically working for free and when we put a person on there it is 15 dollars an hour person that’s going to be putting on hang tags. They get all of these little extras when they make it overseas but there’s a cost to that. Labor is such a big part of our overall costs and it impacts everything we do and that is very tough when you are competing with somebody that is only looking overseas and only looking at price. It does impact everything we do. It impacts the price that we have to charge to the customer.

Researcher: Do you feel if you have to make any trade-offs? Would you say that you have to charge your clients more because every part of this process has a certain labor cost?

Eric Henry: It is hard what we do because it costs more to the people we sell to and they have to charge more to their customers. We try to do everything to help our customers. Once we educate our customers how can we help educate their customers? Like I said if we go to these retail stores you might love our product we want to put on the shelf with all the other things that are made overseas and we don’t educate the customer buying the product, then our sales are going to suck because the customer is going to say, hey that shirt is $10 more. Why am I going to buy that shirt for $10 more dollars? It’s not only educating the customer but educating their customer. Cheap price is easy and if you are in the market like Walmart then you win, it’s easy. But what we are doing is just harder to do but I think at the end of the day it’s the right thing to do. We have got to develop different tools in which we measure what things cost. It’s not that organic food costs too much. It’s the crappie food that you are buying – what’s the health care cost to that? We have all these people that are getting older and overweight, you have health care costs and where does that shitty food factor into this problem?

Researcher: Would you say that you are optimistic about the future that America manufacturing for the apparel and textile industry?

Eric Henry: Oh very much so. We are seeing tremendous growth in our business, not saying we don’t have lots of challenges but we have a lot of growth. And we’ve had more interest than we’ve ever had before.
Researcher: Where do you think the industry is heading in the next 5 or 10 years? Do you see it going up?

Eric Henry: Well, I think there is going to be more reshoring. There’s is going to be more online business, business consumer is going to grow, less brick and mortar. The challenge we’ve got is that the consumer wants choices – color, size, fit - how do you manage that and manage the inventory? So, I mean, hopefully through technology, we are a batch process system. The technology is not there yet but eventually need to get down where we can make a shirt for you, for your specs but do it with reasonable expenses. Right now we can do that you just couldn’t afford the price. But I think with the technology and stuff, we’ll be able to get there. I ordered a sweater from a company last year, I gave them like 55 like your wrist, arm, and all of that stuff. They plug it in and the machine knits a sweater but that is made just for me.

Researcher: Are you working with clients that are already oversea and want to sell the US products overseas? Is that already happening?

Eric Henry: We do not pursue the oversea market. If people contact us and they want to buy our product we’re going to sell it to them. But we are not really focused on that. There is so much opportunity just on our market here that we do not have to pursue that and, again, once you start adding small orders, shipping international becomes very expensive. We do have a few customers, mainly European companies, who order our product we are happy to sell it to them. We do not discriminate against those people but it is definitely not a market we are pursuing.

Researcher: I was just wondering because I read an article the other day about New Balance and how they do make most of their shoes in Asia but they have a small manufacturing in the US and they were talking about how their Asia consumers were actually wanting to buy the US manufactured shoes rather than the ones manufactured in Asia.

Eric Henry: I’ve got a couple of friends that their whole US business is focused on selling to Japanese consumers.

Researcher: Yes, because they are obsessed with American made products. Is TS Designs a member of organizations like SEAMS or the Carolina Textile District?

Eric Henry: SEAMS we are not, Carolina Textile District we are.

Researcher: So then you probably know Dan St. Louis he helps me a lot, giving me names and contacts.

Eric Henry: Yes I do. Our industry is still very fragmented. Everybody is doing their thing and that is why the Carolina Textile District is trying to help when a person comes into the group or maybe they come to me and if I cannot help them, how do we make sure they do get helped. That was the nice thing with the Asian, you put these tech packs together and send it over there and six weeks later or three months later they send the whole product back to you. It’s interesting dealing with some of the apparel designers in the country, they’re use to here it is, just do it, and there’s very few if any one stop shop place. So we’ve got to figure out how to bridge that gap. We are somewhat doing that with Cotton of the Carolinas. We let people come into our supply chain. We have sold yarn, we have sold fabric, we have sold blank t-shirts, you know, we make
our supply chain transparent to those people too. So one of the challenges in this country is a lot of fragmentation. This guy does the yarn but he can’t help me with the fabric.

Researcher: Yeah we need kind of a collaboration, working together?

Eric Henry: Exactly.

Researcher: The last question I have for you is advice, I guess. If someone did want to open a cut and sew or anything that is apparel/textile production, what would be words of advice, the dos and don’ts? What have you learned from your experience?

Eric Henry: I have a very good friend, I had lunch with her yesterday, and I am very excited she is opening up an apparel development company in Raleigh. What’s happening is we need help with the product development. Yes, it’s a t-shirt but how does it fit, how do we develop new fabrics, all that. Everybody on the manufacturing side, they know the manufacturing, that is how they make their money. What Clara is setting up, she has all of the equipment, she will develop the product. And once the product is developed then we will hand it off to a contractor and make the product. So I am very excited about that because that is a need that is not being filled right now because of the inner supply, they can do product development but it is kind of takes the back seat because they are interested in, you know, they want to run my 10 thousand t-shirt order. They’re not interested in developing my samples for my new long sleeves because they don’t make money doing that.

Researcher: So they’re going to do like grading and samples, okay.

Eric Henry: Right, that’s just what I found with the T-shirt manufacturers. They make T-shirts and even though they say they do that they are not going to tear down the machines just to sew me a dozen shirts. But ultimately I need to have so that I can plan out not just for this week but for next year. But it takes time. Right now we’re a month, probably longer with our long sleeve shirt [54:57] for the fall because it keeps getting pushed to the back burner. This is the challenge we have with the people who do the higher volume. If we want to do t-shirts we’ve got to be at places that have the kind of scale that can do the volume so we get the best price possible based on domestic labor rates. We can’t be a mom and pop shop doing 10 thousand shirts a month but since we’re geared up to do 10 thousand shirt they’re not interested. Well I am not saying they’re not interested it just takes a long time to get those dozen prototype long sleeves done because it just keeps getting pushed back.

Researcher: Have she heard of Apads or have you heard of Apads out of Greenville, South Carolina? I also interviewed them. They do the samples, they do grading. They are all past employees of Clemson University and when the university shut down their textile curriculum, they opened up their own business I think in 2011. I would definitely like her contact information if she is in the area. Anything else you’d like to add?

Eric Henry: Nothing that I can think of unless you have other question?

Researcher: Nope.

**END OF INTERVIEW**
Valdese Weavers (Valdese, NC) - Joel Crisp and Blake Millinor

Researcher: So how long have you worked for Valdese?

Joel Crisp: 11 years.

Researcher: 11 years?

Joel Crisp: 11 years.

Researcher: Ok, what’s your background in?

Joel Crisp: I actually, my career out of college, I first went into Industrial engineering and from industrial engineering into operations and then with that my career took me to New York City and I worked in Manhattan for 17 years for various textile firms and I ended up with a company, the last company I was there with was called Robert Allen Group, Robert Allen being a design company that focused on interior design, so we were home furnishings whether it being for fabric or furniture or accessories all for the interior design trade.

So, I worked there as a vice president in the global sourcing for the company, so I travelled the world finding new resources or qualifying resources for the company, at that point we had 3000 vendors. So, you can image in various different parts of the world, from a fabric production standpoint, whether it be India, Peru or Thailand or even the European countries as well and I facilitated a start-up of a sourcing operation in China for the company and from that standpoint we build the infrastructure of supply chain of product from factories and Hangzhou area feeding them until we ready to re-sell to our customer base. [01:58]

And about 11 years ago, 2005 I knew Valdese because they were a supplier to me, to my company and they also wanted to get into, the competition became in the early 2000 arena, for imports especially China came on strong and so they felt that there were methods in which we could grow our business by either out sourcing products that we couldn’t make competitively or offering products and service to the customers that are our customer base which are furniture manufactures at the time we are doing business or we are sourcing product from China and they needed the fabric or the cover as a component of what they were doing.

So, I came on board when they build the business model of either finding resources around the world of things that we can’t make but didn’t compete with the products we made domestically in our factories in North Carolina to out sourcing them from various places that we felt our same customer base would like those items. So, we brought them in, stock them, resold them within the products that we make.

We are a decorative jacquard weaver and the products like silks and linens and velvets we don’t have the capability of making. So, that was sort of a starting point of outsourcing things that compliment what we do and what we offer and within our product lines here, but also our main stream and most of our customers, you know have a demand for that kind of product. [04:02]

And then we evolved into business model of marketing products that we make here domestically to customers with the ability to buy them from us domestically from one roll at a time or if they were trying to produce products in Asia that we would offer our designs available to them in
China. And the way we structure that was at, we would take products that we made and we would determine through our weaving partners in Asia a price in which we can buy it and then we quoted our customer on a price that we can sell it to them for delivered to their cut and sew factory in China and they would go to market, they would go to the furniture market or one of the markets they would merchandising their finished product in, they would sample or buy the first role from here, make up their furniture, show their markets and they would have a two tier pricing. [05:10]

The customer was a smaller customer and they only buy you know, run a mill product line, they would buy from here but if they were merchandising to let’s say Rooms-To-Go or some big major retailer and they needed mass production at a lower cost, then we would offer them the ability, we would transfer the design to a weaving partner to produce it at a lower cost for them and shipped to their cut and sew factories which they would use in the assembly the furniture they were bringing into the US.

Researcher: So you guys do have kind of a list of set partners overseas that you can, when a client comes here, says,

Joel Crisp: Yes, we’ve over the years, over the last 10 or 12 years we’ve qualified vendors that fit very well from a production standpoint, from a technology standpoint, that allows us to with ease transfer our technology designs for them to weave so that it sort of mirrors exactly what we make here. [06:18]

Researcher: Does that work, I guess like commission base or like, since you said in there you get some portion, like does Valdese get a portion of that? How does that work?

Joel Crisp: Yes.

Researcher: Ok.

Joel Crisp: Yes, exactly the example would be let’s say the fabric would be 3 dollars and we tell our customers it was 3 plus and the difference would be our profits, the profit we would generate from the merchandising from the product and commission we weaving it or you using our weaving partners to supply the products within those countries. [06:55]

Researcher: How many partners do you think or do you know out of the top of your head?

Joel Crisp: It involves the depending on our body mix and our type of products that our customers are buying, we are using probably currently 5 of 6 different resources for production in Asia and from China, from China we shipped to seven different countries.

Researcher: Ok.

Joel Crisp: So, we may have a customer that’s building dining room furniture or dining chairs and in Indonesia we produce the fabric for them in China and then ship it to Indonesia. Or if they are making upholstery headboards for bedding or whatever then maybe we go to Vietnam or like La-z-Boy is one of our larger customers, La-z-Boy produce, buys fabric from me in China and it’s then shipped to Mexico where they are doing their cut and sew in Mexico. [08:00]

Researcher: Ok.
Joel Crisp: So, that’s sort of the logistics,

Researcher: So all the mills are Asia based that Valdese works with? Or are there any in Mexico?

Joel Crisp: No.

Researcher: Ok, any in India? [08:10]

Joel Crisp: We have a sourcing office that we build, we have an office in Hangu, China.

Researcher: Ok.

Joel Crisp: With about 15 people on staff that handle logistics, quality control on our behalf, our staff there that’s managing that part of our business.

Researcher: Ok, and sorry if I am repeating myself or repeating you, did you say that something that you kind of started, that was your startup idea?

Joel Crisp: Yes, we build the, it’s called let’s say the business model you might say but it’s the brand is Valdese International Products and which is where we are doing things differently the what we do domestic manufacturing.

Researcher: Ok and when you started that, were you already with Valdese or you already kind of? [09:01]

Joel Crisp: I joined Valdese in 2005 and started this division.

Researcher: Ok, right, got it. So then, you are saying that ships to 7 different countries and those are the countries that are doing the cut and sew.

Joel Crisp: Well it’s in countries which our customers choose to do business.

Researcher: Ok.

Joel Crisp: Yeah, our philosophy is that we want to sell them domestic manufacturing product, we want to sell from our facilities but we all are also knowledgeable that we know that there is businesses out there that we cannot capture without this business model.

Researcher: Yeah, it’s a global market.

Joel Crisp: So, there is going to be customers that are going to do a percentage of their products offshore and will not be a component supplier, wherever they choose to do businesses. And that’s how we’ve, our philosophy, our value added is of course our design and our quality control, our expertise that being textile company training our staff to allow our customers to have the same quality, that’s made in the US, made off shore. [10:14]

Researcher: So with your background with being in textile with so long, do you think that there have been ups and downs’ because I know that the 80’s kind of everything, or I guess when NAFTA went into place, I keep hearing kind of a trend of a lot of manufacturing left. Do you think, did you see it, I guess hardships or anything like that?
Joel Crisp: Yeah, a lot of manufacturing, the NAFTA, the creation of NAFTA did create mainly in the apparel trade, I think in the home furnishings trade in some degree there, but mainly it was the cut and sew. It’s to take advantage of a labor cost savings, they didn’t necessarily have the resource of the textile and the fashion that customers are custom to buying in the US. So we would still ship to other countries, buy from us and ship to other countries.

Or we would design in other countries and ship to Mexico. [11:12]

But that trend I think will always continue, people are always going to seek lower cost labor, yeah just like China is becoming more expensive so people are moving to Vietnam, Indonesia, Malaysia so people are going the low cost, the low cost. Africa is the next venue, you know, African countries are. [11:44]

Researcher: But clearly you still have a job in textiles, so did you see any, I guess were you ever worried for your job in textile, or did you?

Joel Crisp: No because I had, I’ve always had the knowledge of both sides, so I’ve never really concern myself of losing my career sort of evolved as business evolved.

Researcher: Right.

Joel Crisp: So you figured out how to do business.

Researcher: And it sounds like Valdese has kind of evolved as the years have gone.

Joel Crisp: Right.

Researcher: Well then, what was one of the questions I had for her out there and she told me to ask, I think she either told me to ask you or Blake, I’ll have to think about it. Oh, it was the yarn distributors, are those domestic, or are those international?

Joel Crisp: Both.

Researcher: Ok.

Joel Crisp: The yarns that we in our own are internal weaving are either bought from spinners in the US or from importers of the yarns from around the world, some Thailand, Pakistan you know, even some from Thailand depending on the newness of it [13:03]

Researcher: Do you know like percentage wise maybe of what’s domestic, what’s international?

Joel Crisp: No, I am focused on the international global operations; I wouldn’t have the knowledge of what percentages US versus imports. Higher percentage probably of imports in the you can imagine, depending on where there is commodity, some yards are considered commodities, sold around the world and some are novelties, novelties are probably created more locally, domestically. [13:47]

Researcher: So the line because I know values have 5 different lines, one of them is VIP, is that right?

Joel Crisp: That’s right, that’s what Value International Products.
Researcher: Ok, and that’s the China office?

Joel Crisp: That’s the global sourcing, global operations, I mean we do, we buy more from South Korea than what we do in China, so South Korea is another, I mean we are not tied to any country, again it’s where, it’s about where our customers chose to do business.

Researcher: Ok

Joel Crisp: If we could be a component supplier then we will. We will follow that trend.

Researcher: Ok, so I guess this question kind of has already been answered because it says has Valdese ever considered offshoring, which is you kind of off shoring now because you are referring your clients to your partners. Am I saying that right?

Joel Crisp: Well you know, our customers come first and we use the guidance of our customers and what they need.

Researcher: Yes, so if like they have a price point they are trying to meet then you are saying, here we can help you source elsewhere.

Joel Crisp: Right.

Researcher: Ok.

Joel Crisp: Well it’s usually they already doing business there, they have to be the leading, and they need a supplier to where they are doing business.

Researcher: Right.

Joel Crisp: I am not going to direct them where to do business offshore but if they need components of where they are doing business, then we’ll supply. [15:15]

Researcher: Ok, does Valdese Weavers have a defined corporate social responsibility?

Joel Crisp: Yes, we actually have a huge, I think maybe Blake can help you there, because again I am focused on international.

Researcher: Ok.

Joel Crisp: But I mean we do have a whole recycling green story as a company.

Researcher: Yeah, we were talking about how all the employees now have shares within Valdese, it’s an employee…

Joel Crisp: As an ESOP (Employee Stock Ownership Plan) company, yes.

Researcher: Ok.

Joel Crisp: But we do use a lot of recycled yarns in our, as a component of our business, one of our resources is a company called Unifi and they have a huge component of green, which is recycled bottles, plastics and re-attribute back into yarns again, so we have again, I am not in
domestic manufacturing but we do recycle the waters, we use in a dye house we have a whole initiative that covers the whole social responsibility of the environment, you know. [16:45]

Researcher: Ok so I am going to ask you, your opinion, I know you worked with international you know all about the global, but what do you think or do you feel domestic manufacturing is coming back more within the states for textiles, sewn goods?

Joel Crisp : Well, I think as labor cost becomes more expensive and the disparity and doing business on an offshore environment versus US department, is the key. An example: back during the last recession we had, you can imagine a manufacturer or even a retailer buying furniture off shore that the planning that goes into the product cycle, the planning of how long from a logistic standpoint and the cost of getting that product to the US and also the cash that’s tied up and financing that inventory.

And if the market changes or the fashion changes all of the sudden that inventory becomes obsolescence and so, it depends on the product mix if you can get a quick turn domestically made then it has become a trend where more products are coming back to the US.

As China labor cost go higher those variances in cost are shrinking as well. And then the other thing is that believe it or not our work force in the US is becoming harder to get at least from listening to our customers that are making furniture, making products in the US, the sewers are the labor force to grow their business even though their business is growing but they can’t get the labor force. [18:50]

And they need to grow, so they have to rely on international sources for some of those components. [19:01]

Researcher: Yeah because our generations, our parents told us we had to go to college and we were kind of in that mind set to go.

Joel Crisp: Right, that’s right and no one wants the factory working jobs of their parents, or you know the previous generation they want, the parents encourage you, you know get your education and get a better job than what I have, give you a better future.

Researcher: Right, keep pushing. So in your opinion do you feel that partaking in domestic manufacturing gives companies a competitive advantage over those who are not?

Joel Crisp: We have tremendous amount of competitive advantage of off shore in certain segments, I mean we’ve if you invasion Valdese as a company, what has kept us successful and nimble is the staying ahead of the curve, becoming instead of producing commodities and big volume it’s more like mass customization. [20:06]

Researcher: Right.

Joel Crisp: So we mass customization, I think would be a good verb or a good definition of Valdese Weavers is that have we short runs, quick turn, fast delivery and a lot of cases furniture manufacturers, let’s say they’re getting ready for market, furniture market and that component supplier from China that’s supposed to be there on that particular frame those delays in shipment are held in customs or whatever.
They turn to us to replace that component at market because they can’t get it. [20:50]

Researcher: Yeah, I think Jennifer tells me that sometimes you can do like a 72 hour turnaround.

Joel Crisp: Right.

Researcher: How big of an order is that in yardage?

Joel Crisp: Well usually the average, I mean our minimums are only one roll of fabric, 50 yards.

Researcher: Oh really.

Joel Crisp: Yes.

Researcher: Wow, so you do probably have smaller businesses that work?

Joel Crisp: When you are buying in Asia, you are buying in China it’s, you know, a lot more, so the advantage of buying from domestic is, lower obsolescence lower inventory levels which is all tying up cash and service, shorter lead times.

Researcher: So, I don’t know if this would be a question for you or Blake, with the 50 yard minimum do you have a lot of small businesses like within the North Carolina area, like small furniture market or small furniture manufacturers?

Joel Crisp: In general furniture companies in North Carolina, or in Mississippi they are reasonably privately held.

Researcher: Yeah.

Joel Crisp: Family owned or family run or family operated there are some publically traded furniture companies, Ethan Allen for example, a big customer.

Researcher: And you guys work with them.

Joel Crisp: Right.

Researcher: Ok, and you said La-z-boy as well.

Joel Crisp: La-z-boy, Bernhardt family owned, Stanley furniture’s traded company, Ashley furniture

Researcher: What about some of the corporate clients, can you give me names on those?

Joel Crisp: You mean like the

Researcher: Because these would be residential, right?

Joel Crisp: Yeah.

Researcher: For the furniture

Joel Crisp: So the way we break up the businesses in residential contract, corporate. On the residential side you have manufacturers that make furniture, drapery, bedding all that kind of
stuff so that’s manufacturing in residential, goes into the home, consumer home. And then we have what we call fabric distributors which are people that buy fabric from us, customized fabric from us that they create stack books and distribute it into the interior design community. [23:35]

Researcher: Ok

Joel Crisp: So, companies like Grab it, Robert Allen, Fabricut

Blake Millinor: Hi

Joel Crisp: Hi

Blake Millinor: Sorry I am late.

Researcher: Hi

Blake Millinor: Hi, I am Blake.

Researcher: Savannah

Blake Millinor: Savannah, it’s nice to meet you

Researcher: Nice to meet you

Blake Millinor: Did you get it all covered?

Researcher: Yeah

Joel Crisp: We started.

Researcher: Yeah, here I’ll stop there recording to explain to you where we are. [24:06]

RECORDING 2 VALDESE WEAVERS

Blake Millinor: I’ll do the best I can

Researcher: Ok, if there is anything else you want to state that I haven’t asked you that you want to, that you feel is appropriate for this and I don’t really want to ask you as a first question because I know I read a lot of the background of Valdese online but is there anything else from you guys words that you want to add to that.

Blake Millinor: I think that’s probably pretty comprehensive.

Researcher: Ok, yes and I actually got the book too, so.

Blake Millinor: Yes, and I think that will actually give you all the details that you need for that question.

Researcher: So then, talk about your clients, it sounds like you have small and large corporations, do you have a percentage wise of that?

Blake Millinor: You know, I would say from a volume standpoint, from a dollar sold standpoint it’s more toward big corporations, that’s primarily because of our contact business is almost
exclusively large corporations, billion dollar companies and then on the residential side you have the big ones like La-z-boy

Joel Crisp : Basset, Ethan Allen

Blake Millinor: Yeah, All those big guys, but then on the job or distributor side of the business that’s more of a channel way to look at it, you have furniture manufacturers and we have distributors.

The interesting thing and the unique thing about distributors business is this mostly is family owned businesses. There can be some big ones, almost all family owned with the exception of maybe Robert Allen,

Joel Crisp : And even if you go to medium to even smaller furniture company’s most of those are family owned.

Blake Millinor: Yes, yes then when you start going smaller, both jobber and furniture manufacture you got small as you want to get. I think it’s a great variety for us to have both, but there are demands for both. They operate completely differently.

You have got some customers who want to mail their orders in, or fax them in, then you’ve got the big corporations they are doing everything electronic.

Then you have everyone in between, so we have to facilitate or handle any of those types of ways of doing business. [2:01]

Researcher: Then we already talked about this one has Valdese ever considered off shore, which it sounds like you are because you are working with your partners.

What about, how would you guys explain it, it sounds like the prices still are cheaper in Asia, so if a client comes in and says I want this $2 cheaper, are you going to set them up with a partner, is there any way that this domestic Valdese could compete with those prices.

Blake Millinor: There are some scenarios, limited scenarios where it may make more sense to manufacture here. What typically, and Joel can chime in, what typically sways the decision is that our customers are cutting and sewing the fabric in China.

So that part of the equation, unless they got cut and sew capabilities domestically, that makes sense for us to make it and ship it over. But, if it's heads up depending on the construction, yarns used and all that it’s closer than it’s ever been.

Joel Crisp: A lot of times it’s related to service, is that maybe huge programmes of the manufacturing in Mississippi and they sourcing a lot of product from China but with on time delivery and eliminating any disruptions they would have from offshore sourcing it we can fill that need at a very competitive price point. So sometimes we win just because of service and short of money tied up in inventory.

Blake Millinor: Our strategy for off shoring is not out of necessity or having our back against the wall, it’s more of a complementary strategy where we just take advantage of those times where
our customers are doing business in a China to China Fashion, rather than it being just about dollars and cents. Cost of manufacturing, we say it that way. [04:00]

It’s more of an entire of doing business model.

Researcher: Do you find that you are shipping any of the products you are making here, overseas?

Blake Millinor: Actually we are, we have a project right now where…

Joel Crisp: One of our more recent successes is selling product to Pottery Barn. With a proprietary finish, cleanability, stain resistant, high performance fabric and they’re marketing it really well and successful for them and now they are specifying the products to be shipped to China for manufacturing the furniture.

Blake Millinor: It’s not a ton but it does happen.

Researcher: I asked him (Joel) this question too, does Valdese have a defined corporate responsibility that you can state off the top of your head?

Joel Crisp: I tried to explain the green story but…

Blake Millinor: I saw that question and thought “no we don’t have an official statement” but I think when you look at our culture and how we operate and how we’ve operated over the years, and I read corporate and social responsibility to be a very broad topic. How well you take care of your employees, how well you take care of the environment to how well you take of the community.

You can apply it to a lot of different things. A couple of things to speak to that is our ownership to this point has been very loyal to our community, in terms of in the past it would have been, or could have been more profitable for the ownership to move manufacturing to China. There’s no doubt.

So I think the ownership did a good job and I think from a social responsibility standpoint did the right thing by sticking it out domestically [06:03]

Researcher: Yes, and it sounds like you are growing.

Blake Millinor: Yes

Researcher: There was 400 employees to now 1000.

Blake Millinor: So this is a loyalty to the community. So I think that’s one element now that unfortunately our customers and their customers don’t put a premium on environmental products, but even though they don’t, we do a lot of things, we are a leader in using recycled polyester for a lot of our fabrics and from an environmental standpoint I am not going to try and brag and say we the best, but I do think we are the best in our market at what we do from that standpoint.

I think we take care of our employees so I think about corporate social responsibility I think about those elements, is that what you’re thinking?
Researcher: Yes, it was what I was talking about the economic development because I have been working with Burke County Development, I don’t know if you have heard about the Carolina Textile District, but it’s basically small cut and sew factories that they are trying to find work for today with small designers, entrepreneur’s sort of thing.

Blake Millinor: What’s the name of that?

Researcher: It’s under Burke County Development, and then it’s called the Carolina Textile District. Have you heard of SEAMS?

Blake Millinor: No

Researcher: Ok, that’s another one, a bit larger. SEAMS is all domestics production for sewn goods. It’s S E A M S.

Blake Millinor: Then I would think the other thing from economic development, we do bias and we are making good business decisions, but they don’t have be exclusive, mutually exclusive. We purchase a lot of our yarn domestically, Ian Flies is a big partner of ours, so the numbers, I haven’t looked at it recently, in dollars and pounds will be two different things but the majority of the yarn we purchase is domestically made. [08:03]

Researcher: We talked about the turnaround times; we talked about quicker ones, the 72 hours so that answered my questions. Then we were talking, this is an opinion question, so feel free to state your opinion on it.

Does partaking in domestic manufacturing give companies a competitive advantage over those who are not? We were talking about how Valdese is very mass customization. So lead times are better. So if you have anything else you want to add to that.

Blake Millinor: Yes, that’s the big one, and I think that when a situation arises when our customers runs into a problem, be it a quality problem or then change their mind, or their customer changes their mind, our ability to react to that change in the circumstance is a possibility, with a lot of our competitors in import that is just not the possibility.

Lead time is the easy thing to say with production, but there’s also a lead time with development and reacting to change. It is a big part of it. I don’t know if there is a relationship part of it too that is probably a little more intangible, where we are able to have relationships with our customers at a lot of different levels.

It’s not just me or the sales rep or Joel, it’s our quality people, and it’s our planning people. They can have much deeper relationships, a lot of relationship with a lot of different people. I don’t know quite get an importer.

Joel Crisp: The only other advantage is, maybe people don’t think about the home furnishings market being a fashion business, like it does apparel. But it really is a lot of fashion driven.

Researcher: That’s why you guys have all the designers upstairs…

Joel Crisp: lot of our skilled designs and that speed the market is a huge advantage for us when someone is trying to be new with the fashion trends. [00:10:00]... of the retailer.
Blake Millinor: Our customers are coming in all the time just to walk through a design and just get inspiration and that is just something.

Researcher: Yeah, the face to face interaction is nice. Do you guys see a pick up, I guess, in work when the furniture market is going on? Any last minute things?

Blake Millinor: It is very seasonal. Actually I was talking to one of our sales managers, the market is in October, so really August into the first couple of weeks into September we will have a rush of all furniture manufacturers making their final decisions in getting prepared for that October market. It might not be the week or two before market but it is probably three to four weeks before market and prior.

Joel Crisp: And again, the advantage of that, an importer can’t turn that quickly or react to that short term.

Researcher: Do you guys work on the floor? Is that twenty four hours?

Blake Millinor: Our run schedules, we budget for five days a week and we have twenty four hours, three shift operations.

Researcher: What are the shifts?

Blake Millinor: They are straight shifts. First, Second and Third and then we will run Saturdays as needed.

Joel Crisp: Eight hour shifts.

Researcher: Okay, this is another opinion question. Do you feel that the domestic manufacturing is making a return within the United States for apparel and textiles?

[00:11:40] Blake Millinor: I don’t know. I think for us...

Joel Crisp: I think it is product driven, don’t you?

Blake Millinor: Yeah. I think what Joel might mean is that it is fashion driven and there is certain things that are coming in and out of fashion. Whether it is from a jacket woven product to a printed product, from a multi-color product to a plain, and those shifts in a market can impact where there is better suited for domestic manufacturer or a Chinese manufacturer. I think that it has to some extent. I think there’s, that gap is closed what we have talked about. The harsh reality is there is so much cut and sew that left the US and is China. The only way we can get that business is to produce in China.

Researcher: We were talking about how too in Asia the middle class is becoming more (cross talking).

Blake Millinor: There are all kinds of global dynamics going on. I’d love to see more cut and sew come back to the States, that’s what we...

Joel Crisp: (cross talking) I was telling her earlier, that the sparsity of cost China increasing versus US is becoming narrower.
Blake Millinor: Right.

Joel Crisp: A lot of our customers would love to bring back business to the US but they can’t get the sewers, they can’t get the sewers that are able to do that.

Researcher: The labor isn’t here?

Blake Millinor: So that impacts us actually. If they can get more sewers they’d buy more fabric domestic. We wish they could solve that problem.

[00:13:12] Researcher: But you’ll have to wait until the labor comes back before you can keep going? Sorry to back track. He (Joel) kind of told me his background, what is your background? How long have you been at Valdese?

Blake Millinor: I have been at Valdese for fourteen years?! Something like that. Prior to that I was with Mastercraft Fabrics which is a similar company to Valdese Weavers.

Researcher: Where is that at?

Blake Millinor: They’re out of business. It was in Spindale, Rutherford area. I was sales manager for the contract business there. And then prior to that I was with Milliken, the manufacturer. So I started my career in manufacturing. I spent three years in manufacturing then three years in quality and then jumped over to sales marketing side.

Researcher: What did you study in school?

Blake Millinor: Business at the Citadel. So not really a textile school.

Researcher: No, not really.

Blake Millinor: Not classically trained.

Researcher: Yeah. Alright. I just wanted to ask because it sounds like both you guys have been within the textile industry though for a while. I was kind of asking him what up’s and downs have you seen as far as, you know, we did have a lot of cut and sew, we had the labor but then it did go overseas. What have you seen? And you said your company, that you worked for before went out of business.

Blake Millinor: It was a little different. What happened was, when was it? When Quaker and Master Craft, it was in ’07, no...

[00:14:47] Joel Crisp: Some of them even earlier.

Blake Millinor: Probably 2004 to 2007 was a pretty tumultuous time when there were these huge shifts and these are really broad statements. But more to leather and more to microfiber fabrics, that shift...

Joel Crisp: And more production came along the stream from China or became a resource that no one really understood or had to access to or developed it at that point. And that started the transition.
Blake Millinor: That move was a big enough impact to take the weak companies and then, they immediately fell out and even some of the stronger companies.

Researcher: Right.

Blake Millinor: They weren’t able to weather the storm, so I don’t necessarily think we were so brilliant, I just think it more about being the last man standing. Our business model was diverse enough. Quite frankly, we were smaller. That helped us where Quaker and Master Craft. Two really good companies. Just couldn’t withstand that impact of the shift in the market place. To leather, micro fibres and all the Chinese production coming on stream, it was kind of one two punch thing.

Joel Crisp: It seemed like the bigger guys that were highly leveraged. They couldn’t weather the storm. That’s what really happened, is financial reasons. They didn’t have a successful product or...

Blake Millinor: Quaker was never profitable enough to start with to weather and Master Craft went through a, they were bought and sold and were highly leveraged. They were very profitable but they were leveraged and so, it fell apart. [00:16:26] But then it had a ripple effect, it hit the dye houses and it hit the yarn manufacturers. So that was a pretty tough year.

Joel Crisp: All the supply chain. If you have nobody to sell to then you’re out of business as well...

Blake Millinor: In the end it becomes this spiral you go into that now there are a few people developing in fabrics which gives the customers more reason to go to China and to look because there aren’t as many domestic suppliers, so, but I think all that’s, that’s over. It happened. There was a lot of fall outs but, you know, there’s nothing like, there is not that much of volatility. I don’t think.

Joel Crisp: Exactly.

Researcher: The next question is, do you think that anything is not proven to be beneficial for domestic manufacturing? If anything pops up into your head?

Blake Millinor: Is bad about domestic manufacturing?

Researcher: Yes.

Blake Millinor: You got the cost element. And I will say...

Researcher: And I think labor is a big one, we have talked about it. Our generation, we’re not willing to do it.

Blake Millinor: There is a stigma that exists. I think it is for furniture as well. The generation, I don’t know if it is so about the money, it is just the mindset of working in the mill or working in a furniture factory. They don’t want to do it. I’ll also say that the breath of a product is coming out of China is better than its ever been. [00:17:50] Look at some of the stuff you (Joel) showed me last week, used to be, usually if you think of China, it is copying somebody else, I don’t know if this is something that is copied or not but it is something that we don’t make. I think you
do have one of the disadvantages that we have, just a lot of sources in China. It can cover a lot of different worlds.

Joel Crisp: I think, in my perspective, is whether it be home furnishers or any industry that needs textiles, if it is something that is a commodity, tablecloths or bedding or something that is used constantly in homes. Sheets, those are commodities. So those commodities are no longer competitive within the US manufacturers.

Researcher: Yeah, that’s kind of what we’re talking about. Small cut and sews. They’re like T-shirts, we can’t compete, socks hardly.

Joel Crisp: So that’s, to me, that would be the answers to what are not good for the US’s... It is all about cost.

Researcher: And then we’re kind of talking, I guess back track again to the downfall and I heard a couple people say, NAFTA, brought up NAFTA and how that kind of affected the apparel and the textile industry. What are your thoughts on that? When you were in the industry and NAFTA came into place, did you think it took any effect or?

Joel Crisp: Cut and Sews were the big impact. Whether it’s Caribbean based or Mexico.

Researcher: But not as much to the Mill part.

Blake Millinor: I just started to work when Ross Pro said you’ll hear that giant sucking sound. We were in an automotive business at that time, I don’t know that it actually happened. The jobs went to China, they didn’t go to Mexico, in our world.

[00:19:47] Now maybe in apparel was different, you may know more about that Joel, but and maybe it affected yarn, but in our markets, today, is more of a cut and sew, than it is anything else. So I only know what I read in the newspaper from a NAFTA standpoint. It didn’t really impact our market and it is kind of a curiosity because it could have. For whatever reason Mexico did not capitalize.

Joel Crisp: I think because cut and sew moved off shore whether it’s Mexico, China or wherever, it opened a door for a more globalized sourcing products that are used in those cut and sew factories. So that hurt American manufacturers because of that issue.

Blake Millinor: Yeah, I agree with that.

Researcher: And then can you guys talk about, if any, that you can think of off the top of your head, like, adaptations that Valdese has had to make to survive. I mean I know you guys are saying that it survived mainly too because it was a smaller company at the time and that helped it instead of hurt it. Was anything recent that you guys had to adapt?

Blake Millinor: Well, I think that, you know, we talked about this social responsibility. The other thing, I think, that the family did that was smart was there was a very continual and consistent investment in capital expenditures. So over the past twenty years there was very consistent, reinvestment in the business in terms of new equipment. And if you think about this company we acquired last year, they went ten years without any real capital investment and it got to a point where it was beyond saving.
Researcher: Okay.

Blake Millinor: I think having the discipline...

Researcher: Is that the one?

Blake Millinor: Dicey.

Researcher: Dicey, okay.

Joel Crisp: You have to constantly reinvest.

Blake Millinor: You have to constantly reinvest.

Joel Crisp: At a technology standpoint? Because technology always changes and the different electronics.

Blake Millinor: Yeah, yeah. It’s not just buying new machines. It’s, technology it’s IT, and it is everything. So I think that is one smart thing the company did. A lot of privately held companies will take those profits and salt it away and oh, we will have the cash if we need it. I think strategy is better than consistently reinvest there. I think that our sourcing model. You’ve (Joel) been here twelve.

Joel Crisp: Eleven years.

Blake Millinor: Eleven years. Really, that move, because we were about to do it on our own and I think we were about the make some huge mistakes. Joel came on board, really added this whole other, it’s not a channel because you’re sourcing but it is also a way of doing business, a whole new business force that’s added another level of diversity. And I think, I can’t imagine us not having it.

Joel Crisp: It is business that we wouldn’t have had otherwise. It was like, listen to your customers and wherever they choose to do business and let’s figure out how to get the business whether it’s domestically or…

Researcher: Yeah, it makes sense.

Blake Millinor: There’s always this fear we don’t want to cannibalise the business we have and that was really. It didn’t exist. We weren’t going to be cannibalised our own business. There are two different models. And we weren’t going to have that business anyhow, what better way to say it. We will always be careful but I think the reality is, it’s a different animal.

Researcher: What about trade-offs? Can you guys name any of the top off your head? The examples I have are like, if the company didn’t want to stay domestic, are there any trade-offs you have to make? And I guess these are more towards a smaller design person, like less advertising or no brick and mortar. Does that make sense?
Blake Millinor: What trade-offs do you feel have to be taken in order for..? What are they giving up by domestically manufacturing?

Researcher: Yeah, just like putting your cost elsewhere. Do you feel like, I guess..?

Blake Millinor: You know, you just have to figure out what your strategy is? Because, I mean, as Joel said earlier, you’re not going to be a low cost producer. You’re not necessarily going to be a low cost producer as domestic manufacturer. So you have to find out, are you going add value with service. Is it going to be design? Is it going to be innovation? It’s got to be something else. Because it’s probably not going to be low cost. Right? So that is the trade off, you better be strong in one of these other elements.

Researcher: Okay.

[00:24:29] Blake Millinor: And as a part of your business strategy, if you don’t have that, you know. Or you got to know what niche markets you’re going to compete in.

Researcher: Just like saying you want to make a T-shirt or bed sheets in the US.

Blake Millinor: It is no different than us. We just have to be careful because in our market there are commodity parts of the market and we have to be very, sober in our decision making about whether or not we can truly compete at those low price points. And we have to pick and choose where we think we can compete and where we better stay away from. So, I think that is just even more important for somebody who is only domestic manufacturing.

Researcher: Okay.

Joel Crisp: I would add. Marketing and emphasising in front of your customers, a key to our survival. You can get the product in China, but it’s not marketed and it’s not branded, it’s not, you got to be very customer driven and make sure your marketing it right, customer base.

Researcher: The next question, I guess we kind of have talked about it. It’s asking if you are optimistic about the future of domestic manufacturing. But it sounds like, you know, for the mills to be more successful, the labor is going to have come back first. Would you guys agree with that? Because I kind I feel… is that the only way to stay it more optimistic about it?

Joel Crisp: It will certainly help drive our demand as there’s more resources to sell. But I don’t know.

[00:26:07]

Blake Millinor: I don’t know that there’s necessarily another watershed moment like there was in that period of time where there was this huge transition to China. Because now…

Researcher: I think I saw sales like three hundred thousand jobs…

Blake Millinor: And that has happened. It’s like that tidal wave has crashed. It’s like everything is balanced out now and short of Africa becoming the next textile powerhouse. I don’t know that I see anything other than us competing heads on with our domestic manufacturers. We get up every morning and compete with them. We compete with the Chinese manufacturers. I don’t see
doom and bloom. But I don’t know that I see any huge windfall either. It’s going to be business as usual with the idea that the consumers limited to buy in America. I think that is a limited angle. [00:26:58]

Joel Crisp: And even as say the Chinese manufacturers become more competitive or find more access to our markets to sell direct, they still have the same hurdles, whether it’s cost of shipments or change in fashion or duties to pay or whatever. So they got just as much challenges as we have. Competing against them as they are competing against us.

Blake Millinor: That’s right. And what business they have today is the commodity business. So if they want to grow and get some of the more niche business, there’s some cost there and I’m not sure if they are willing to go after it, just like we’re not willing to go after some of the low cost business. It’s the same kind of trade off. I think there is some level of balance. Am I optimistic? It’s okay.

Researcher: It is slow.

[00:27:55]

Blake Millinor: I don’t see any dark clouds. I wish there was more innovation from both a manufacturer's standpoint and from a chemical standpoint.

This is high performance finish. This is actually an issue for the apparel trade as well, with floor carbon based finishes. That’s not great for the environment. I just wish that we could develop something more friendlily for the environment. It’s not there.

Researcher: I guess Jennifer was telling me you guys do medical textiles. Is that, I guess, does Valdese have a huge innovation for that?

Blake Millinor: Yeah, we have had the anti-microbial products and some silver based products but that’s niche business. What I’m talking about is the stain and sore repellents for fabrics. It is the same issue for apparel is that the chemistry used for today is not really the best and so it is going to take somebody, like DuPont or Dow or somebody to develop this. It’ll get there. I think Joel hit on a point that’s right. I think that the one thing we can do better is a better job of marketing. But optimistic? Sure.

Researcher: What about competitors. Do you feel that you have any around this region? Or who do you think is some of your big competitors? Or can you name them?

Blake Millinor: We got two competitors. Two types of competitors. We have domestic manufacturers and we have the convertors who are the importers of fabric. And so, you know, we're having a fight on kind of two fronts which strategically speaking is always not advised. We’re trying to play the game of the convertors and that’s the game they play well. We’re trying to play against a couple of low cost manufacturers. That’s a bit of a strategic disadvantage we have but on the other hand we have a breath of product unlike anyone else.

[00:30:08] so we have the way of help to be able to do that. To provide fabric at a value at opening price point as well as some of the higher end goods. And still provide the service.
Joel Crisp: And the interesting thing is that in every market that we serve, it’s usually a different competitor.

Researcher: Yeah. Right. Especially with five different brands.

Joel Crisp: There’s a contract market, there’s a group of that we compete against. If it is residential furniture, it’s another group.

Blake Millinor: Yeah.

Joel Crisp: It’s not the same competitor.

Blake Millinor: We don’t have one single competitor that we fight in every market with. They’re all different. Which is good and bad.

Researcher: My reason in asking this question is kind of because I’m, and this might be more towards the cut and sew, and maybe it is a little for mills, but what I’m finding in my research is kind of that the competition when the labor did shift to Asia. People were still competing with others instead of collaborating. So do you feel, I guess, that Valdese collaborates with any?

Blake Millinor: I don’t know about that. Wow.

Joel Crisp: What do you mean about collaborating? Work with the same?

Researcher: The research of what I found is basically like, when they were competing with each other they weren’t realising that labor was going overseas when they could’ve collaborating in helping each other.

[00:31:33] Like, I can’t do this at my cut and sew facility, can you help me? Don’t have the right machinery. So something like that. But I don’t know if that even applies to the mills?

Blake Millinor: I understand your question. I don’t know if it applies? I don’t know that there’s necessarily situations where we’re tearing each other down or that we’re missing an opportunity that if we worked together to get. I don’t know necessarily that...

Researcher: But right now, there’s no like large collaboration with Valdese.

Blake Millinor: No.

Joel Crisp: We have bargain ships, whether it is yarn supplier partnerships or commission weavers that we’re using or partnerships in other countries but...

Researcher: I would consider that. But still working together because you can’t do it without the yarn.

Blake Millinor: Yeah, you know, you’re right. With the yarn vendors and our customers, there is plenty of collaboration. I think that if we start working together with some of our competitors that there are a very big concern about. Some conflict interest with price fixing and things like that.

Joel Crisp: Restricted trade.
Blake Millinor: Now, what we do see evidence of is the furniture manufacturers are collaborating with trading programs. Century and Vanguard and some of those guys are collaborating to, not so much pull the resources but to work together to create training programs at community colleges.

[00:33:03] Researcher: Yeah, I actually sat in on one of those, it was like sewn goods 101.

Blake Millinor: So there’s that...

Researcher: They actually taught it in Spanish.

Blake Millinor: So that’s probably the closest thing I’ve seen in, truth of the matter is, there isn’t, the closest manufacturer to us is probably an hour, hour and ten minutes away. I don’t know from a labor standpoint, if we would collaborate on something like that.

Joel Crisp: The other thing I thought about is, I find always interesting is that, many of our customers were also making products for the same retailer. I mean, you may have a factory down the street that’s making product for Pottery Barn but the one across town is making another component for Pottery Barn but they’re all supplying the same retailers. I thought that was fascinating. They also diversify their look so they diversify their resources.

Blake Millinor: I think that is a really good question for the furniture manufacturers. Because I do think there has been some evidence with both labor and I think there is some fabric sharing going on.

Joel Crisp: Could be.

Blake Millinor: Where Century is calling Okamurae, hey have you got twelve yards of gimp, purple and they’re selling it to them. You know Zach is saying ten percent of his sales are fabric sales. I do think furniture manufacturers is good, but for us. It is just not quite as a relevant question. [00:34:41]

RECORDING 3 VALDESE WEAVERS

Researcher: So this is opinion question too and as far as I guess mills don’t have as much for this, it’s more of the cut and sew or selling of apparel. Do you think there’s any way to change consumers’ minds and it’s almost like the sustainable act, sometimes people just don’t care, is there any way you think that we could get them to care. If a product does say made in the US to actually take attention to that? What’s your all’s opinions on that?

Blake Millinor: I mean I want to have a positive attitude about it, we've tried various things and you know I think that when there are things going on globally that make consumers feel more patriotic then yeah. When the time of war or something like not, 9/11. But when there's peacetime they're going to go with the lowest price.

Joel Crisp: I think in our career we've seen companies that have made an America campaign Milliken for instance with the Visa tablecloths, they were such a huge made a America campaign and I don’t think in the long term it really paid off, it just, consumers buying on price and or quality or fashion or look or it's not so much, even Wal-Mart made a push last year about having 20% of products in the store made in America. I don’t know the consumers are still driven to it.
Blake Millinor: I think with anything if you had the right marketing on it, it could work, there's a customer that we have now who is trying to, instead of just saying made in the USA, make it a little more personal where it says, you're purchase of this chair has employed 6 people. Or provided 12 hours of employment for this person. Where they’re going back through the whole supply chain of the manufacture of the furniture, the purchase of the wood, the purchase of the fabric, you know the yarn and all the way to traffic accumulatively speaking.

Joel Crisp: How many labor hours

Blake Millinor: Yeah, labor hours and how many labor hours.

Researcher: That is something I think that people do take notice is the social aspect of.

Blake Millinor: I don’t know about how you get that to the consumer but the way they were doing it is was for bids, for furniture for a hotel chain. So if Hilton is building 20 Hilton's and they are going to by a million dollars worth of furniture. The bid said, this furniture will employ 47 people for 6 months to make this order and it was the guys at Kellex.

Joel Crisp: Awesome

Blake Millinor: So they got the order because of that. So I think there's a way you could market it but it’s going to be hard to get the consumer to pay more.

Researcher: Yeah at the end of the day it's still a small population. So the next question, I guess we kind of covered that, we were talking about the international and the global and how that all works, so I won’t ask you about the overseas brands and clients. The last question is kind of just some things you can state maybe Valdese’s biggest downfalls as well as its greatest achievements. I know we were talking about it becoming, sorry what was it called again? You guys are becoming an S corp instead of…

Blake Millinor: ESOP

Researcher: ESOP yes

Blake Millinor: Employee owned.

Researcher: Right so do you think that’s going to be an achievement or people happy about that I guess.

Blake Millinor: You know, I think it's a transition that was inevitable.

Researcher: Okay

Blake Millinor: Okay so we weren’t going to be a family owned company forever. We've already beat the odds by being on the third or fourth generation. Statistics show that after like the third generation only 12% of companies remain family owned. So it was inevitable. I'm a big believer that the ESOP was the best solution and the best option for our company for the company as a business and for our employees, versus being owned by a private equity company or through a strategic purchase. Not to say that those avenues couldn’t make more money for someone but this is better for the employees. We talked about the loyalty to the community that the families
had for so many years and now we're able to lock in on that. Whereas if we were held by a bank in New York, we can be sold to China tomorrow.

Researcher: Right.

Blake Millinor: And competitor could do the same thing. So for us personally and for the employees and the business transitioning to the ESOP was far and away the best option. I don’t know about downfalls.

Joel Crisp: The background on the ESOP, you know there are only 9000 ESOP companies in the US?

Researcher: Yeah she (Jennifer) was telling me that.

Joel Crisp: And millions of corporations.

Researcher: Yeah I'm going to have to some more research about it, I've heard of it but I don’t know much.

Joel Crisp: It's the ability of the employee not only in their wage, or their salaries, a weekly paycheck whatever but we also have a structure 401 K which they contribute to the company matches with company stock but the ESOP allows them, they come to work every day, work hard and the company gives them shares on an annual basis.

Researcher: Yeah I think that’s an easy way to explain it, work for what you get

Joel Crisp: If you were in an ESOP company this is the way that it can build wealth over time for themselves.

Blake Millinor: For retirement.

Joel Crisp: For retirement.

Blake Millinor: So you talk about social responsibility, that’s a good point. These are employees that are now going to have, they’re in a better position for retirement that in any other scenario.

[06:04]

Joel Crisp: Correct

Blake Millinor: Yeah you're right

Joel Crisp: Especially uncertainty of social security

Blake Millinor: Yeah

Joel Crisp: In the future

Researcher: Yeah not very optimistic on that.

Blake Millinor: Downfalls, I don’t know the downfalls. There's always missed opportunities. I think that one thing something Joel's talked about a lot is that, I wonder if we should have not two things, [06:27] considered more seriously and aggressively further, vertical integration.
What I mean by that is by making finished product or by going backwards into the cut and sew channel or supply chain. If we offered cut and sew today I think that would open doors for us to sell more fabric.

Researcher: Where you, you are a vertically integrated company right but what you're saying

Blake Millinor: We are, go farther.

Researcher: Right okay

Blake Millinor: Not further back in the terms of yarn

Joel Crisp: From yarn from dying, from weaving, from finishing to a finished product of fabric but we expanded it to… Expanded it to making pillows, or making bedding or making a consumer packaged product for retail.

Researcher: Yeah

Joel Crisp: And then that’s one thing

Blake Millinor: It’s another avenue.

Joel Crisp: Another Avenue

Blake Millinor: Especially with e-commerce we could make pillows and we don’t know the store front. We could just put them, so I think that’s something that’s still in front of us that we got to think about and then vertical integration in terms of furniture manufacturers, especially knowing there's this disconnect with cut and sew. If we had our own cut and sew, if we had a joint venture of some sort it would a means to an end to maybe allow us to sell more fabric.

Researcher: Yeah that’s interesting, I didn’t think about that

Blake Millinor: There are a couple of things that we can’t do everything. If we could plug a couple of people into that project to work on developing a cut and sew solution, is probably the best way to say it and I think part of the question is, if you could do it would you do it in China, would you do it in Mexico, would you do it here? They all have pros and cons.

Researcher: I actually, I don’t know if you’ve heard of New South Manufactory but they’re in Raleigh, they’re brand new, within the last year but it’s a small cut and sew and they just got Pottery Barn as one of their clients to make pillows.

Joel Crisp: You should write that one down, New South. Do you know what they're cutting and sewing?

Blake Millinor: For pillows or furniture or?

Researcher: Well they’re doing like at the small entrepreneurs and then they'll do like a sample and usually they don’t come back but they’re hoping to hook onto the Pottery Barn.

Blake Millinor: New South?
Researcher: Mhmm New South Manufactory and they're hoping that’s going to be one of their big clients to make pillows.

Blake Millinor: How do you think that in the Raleigh area, where did they think that they’re going to get the labor?

Researcher: Yeah so that's something they don’t have right now. By small I'm saying, I think they have 4 full time employees and he said they'll have like a couple of people come in if they keep getting bigger. [09:04] Around here though, if you've heard of Opportunity Threads, it’s in Morganton North Carolina

Blake Millinor: Yeah is that the one that works with disadvantaged or handicap?

Researcher: No this one is also employee owned

Blake Millinor: Opportunity Threads?

Researcher: Mhmm. Yeah I can send you guys all the links.

Blake Millinor: Yeah great. So that would be one and I think the other thing is, I don’t know that we’ve been as aggressive or taken the initiative to establish brands that can resonate with the end consumer. We're working with one now that’s had a lot more success that I ever thought, we thought was possible and I think, and it’s a partnership with someone.

Researcher: Which one is that?

Blake Millinor: Crypton Home

Researcher: Okay

Blake Millinor: It's a high performance fabric that we working our butts off and having a lot success at retail, at the end consumer but it's not our brand, it's someone else’s brand. And I am really hating that it wasn't ours.

Researcher: Right.

Blake Millinor: And so it makes me think, I was talking to Scott about it last week, that if we go for contract the whole idea of coming up with a brand it’s just a very daunting task to me because it’s not what we do.

Researcher: Right

Blake Millinor: You can come up with one and go B2B and that’s one thing but to have it where it hits the consumer, the end consumer, you got to have a lot of horse power to do that. You’ve got to be ready to advertise and to have feet on the ground. There's a lot of things you have to do to be able to do that. But with the success that we’ve had, has made me rethink, maybe we should. So, I don’t know

Joel Crisp: Another avenue or extension of our business instead of just being a core fabric supplier.
Blake Millinor: Yeah business to business.

Joel Crisp: How we have to think out of the box as an American manufacturer. How are we going to do the extension of growth in the future.

Blake Millinor: If you think about it the loom out there doesn’t care where it is, it can make fabric anywhere right and the guy in China can buy that same loom and pay labor and you get all those dynamics. But if we establish a brand, that’s something that’s got value that is intrinsic on its own and something somebody can’t take away from you. Its supersedes where it’s made and so I just think that if we could develop a brand that we could put on source goods, domestically made goods, whatever, that adds another profitably strength force.

Researcher: Right

Blake Millinor: I'm just thinking outside the box and we're manufacturers, that’s what we traditionally think about. What can we do to keep those machines running? Maybe that's not the way we should think every day. What can we do to leverage our sales force? What can we do to leverage our reputation in the industry? What can we do to leverage our contacts? It’s not just about keeping the looms running.

Researcher: Right

Blake Millinor: So we just got to think outside of the box and we got to hire new people, we got to hire younger people. We've hired a couple of younger generation, one of them is right over here, and they’ve done fantastic. So we talked about investing in cap X earlier. We’ve got to invest in human capital as well and so that’s something that we’ve got to get back on our horse and do more of because he and I can’t come up with all the good ideas.

Researcher: You try though right?

Blake Millinor: Yeah, I tell some of the people upstairs, if y'all are waiting on me to be creative we going to be waiting a long time but we understand the markets and we know some pitfalls and things that we got the benefit of knowing things that have been tried before but you also get jaded by that so maybe you’re not thinking as openly as you should and that’s where somebody new coming in, he's got a whole different perspective on e-commerce and all these other things.

Researcher: Well I appreciate, that’s all the questions I have for you guys, you definitely have opened up some new ideas for me to research so any other things you want to state for the recording?

Blake Millinor: I don’t think so. So we are we going to get to see a copy of this when you're done?

Researcher: Yeah I, so what happens is I'm going to transcribe all the recordings so I can send that to but then also yeah I'll send you my thesis, it's going to…

Joel Crisp: Yeah your thesis.

Blake Millinor: I don’t care so much about the notes today but I'd love to see your finished piece.
Researcher: Yeah I actually planned to that's why I said I want to do like a small 2 page publication because that’s something people read.

END OF INTERVIEW