

The net works well at SEAMS' annual conference

By Devin Steele

If you attended SEAMS' annual Networking Conference August 1-3 at the Gaylord Opryland Hotel and Convention Center in Nashville, Tenn., you no doubt came away a more primed and better informed professional ready to help lead the U.S. sewn products industry to new heights.

Insights and information were plentifully dispensed, and the face-to-face contacts you experienced – new and old – are crucial to the success of your companies, the SEAMS Association and our shared mission to bring more sewn products manufacturing back to these shores. Imagine how much time and effort it would take to visit everyone you saw at the conference. (SEAMS uses the word “Networking” in the title of these conferences for a reason.)

If you were on hand for the popular event, ask yourself: Did you learn something? Did you meet someone who possibly can help you? Have you followed up with any other attendee? Did your company benefit in some way by your presence?

Chances are, you answered “yes” to at least a couple if not more of those questions.

Which is indeed the purpose of this Networking Conferences – to bring tremendous value as a SEAMS member and help you navigate this rapidly evolving new world of reshoring, Industry 4.0, digitization, disruption and changing consumerism.

The two-day conference opened with an “Up Close and Personal” interview with keynoter John Martynec, senior vice president of Brooks Brothers. SEAMS Executive Director Will Duncan asked a number of pertinent questions of Martynec that led to a free-flowing conversation and brought out numerous insights into the brand/retailer's modus operandi and its made-in-America philosophy during a content-filled hour.

Uniquely, Brooks Brothers is a retailer AND a manufacturer that employees nearly 1,000 manufacturing employees – about 20 percent of its total workforce – and operates 244 stores in the U.S. – 120 mainline stores and the rest factory stores. Oh, and the company is celebrating its 200th ANNIVERSARY this year. (Let that sink in for a moment – yes, they started in 1818!).

“We're really a vertical organization,” Martynec said. “We look at how we operate and how we think and we look at how we evolve into the future with our brand. We've outfitted 40 of the 45 presidents. We've made uniforms for generals in the Civil War, and we're older than Major League Baseball. I'm very proud to represent Brooks Brothers, which has a long heritage. Now, we're expanding all over the world, trying to promote American fashion.”

During the sit-down, Martynec provided an overview of the company's U.S. operations. Brooks Brothers makes all of its ties at its factory in Long Island City, N.Y.; about 85 percent of its suits at its facility in Haverhill, Mass.; and its Original Button-Down Polo Oxford made-to-measure shirts and some of its luxury shirts at its plant in Garland, N.C. He also put a face on these facilities with videos of each of these operations.

Duncan pointed out that most brands and retailers, especially those that provide tailored clothing, have moved their operations offshore. He asked Martynec why Brooks Brothers has not.

“Part of it is, when you own your own factory, you control your ability to produce,” he answered. “When you have manufacturing, you can use that as a marketing tool. We develop our own patterns in a way that is unique to Brooks Brothers. Truly, the DNA is built in from the product up.”

Martynec added that Brooks Brothers focuses on mass customization as opposed to big runs, with its niche being quick turn at a fair price in small volumes, he said. Forty-four percent of its tailored products are made in the U.S. For clothing, it sources primarily from Italy and Malaysia and some from China, he added.

Duncan also asked Martynec to compare sourcing globally and manufacturing domestically.

“We want to produce as much as we can in the U.S.,” he said. “We have taken trouser programs from Mexico and Malaysia and transferred them to Boston. The margins are made at retail. Our lowest-cost factory is in Haverhill.”

Asked to offer a glimpse of what lies ahead, Martynec said, “Direct to consumer is the future. We’re not about getting rid of stores, but it’s about operating with smaller stores. And you turn your factory into a marketing tool. That’s a duty-free zone. Having manufacturing allows you to change as well.”

Martynec also discussed retail woes, labor shortage issues, Lean Manufacturing, automation and more.

Afterward, in a segment that is truly unique to SEAMS, time was blocked out for attendees to take the mike and introduce themselves and their company. Geoff Senko of MMI Textiles moderated this important, informative activity that certainly prompted mental notes and the exchange of business cards.

The second presentation of the day was made by Lisa Marie Vivino, chief of the Field Clothing Division, Defense Logistics Agency (DLA), an important discussion for a number of SEAMS’ members. In her presentation, titled, “Supporting the Warfighter: Clothing and Textiles Supply Chain,” she pointed out that DLA’s goal is to sustain warfighter readiness and lethality by delivery proactive global logistics in peace and war.

Vivino noted that DLA’s FY2018 forecast is \$1.8 billion this year, and spending has increased over the last three consecutive years. With 327 civilian employees – including 15 women sewing U.S. flags for the White House – and five military employees, DLA has more than 300 vendors and 12,000 customers, she said. It also makes 74,000 items.

For the military, DLA provides unique clothing and textile products ranging from simple garments to complex protective clothing such as combat helmets and chemical suits. Through the Berry Amendment, its focus of course is on domestic manufacturers, usually small businesses. Mandatory sources include the National Institute for the Blind (NIB), SourceAmerica and the Federal Prison Industries (UNICOR), she said. Other business considerations are women- and/or veteran-owned business and HUBZones (Historically Underutilized Business Zones), she added.

She went on to discuss the recent move to standardize utility uniforms, as Clothing & Textiles has requested a research study to identify the key combat/utility design elements, Vivino said. Through the study, DLA will review materials, components, construction, testing requirements and processes that could benefit from improved joint collaboration and commonality among the Services and DLA, she added.

Rounding out Day 1 was in special appearance by local guest Van Tucker, founder & CEO of the Nashville Fashion Alliance (NFA), who explained what led her to form such a group.

“I’m the most unlikely CEO of a fashion alliance that you can imagine,” she said in her introduction, before noting that about five years ago, after she left banking, she read an article in

a local publication that a friend of hers wrote headlined, “Does Nashville have what it takes to sustain a fashion industry?”

“I was like, what? What fashion industry?” she said. “I knew about some of our brands because I’m a local girl and I like supporting local businesses. So I called my friend and asked, ‘what fashion industry?’ And she said, ‘oh, my gosh, just come and meet some people.’ And I did. And I was intrigued.”

So she hired a Vanderbilt business school student to write a white paper.

“I wanted to know how the industry worked and how big it was,” she explained. “Well, she was a wonderful woman who had worked in financial analytics for Abercrombie and Fitch. She did a terrific job writing this white paper. And what we learned was that we have the largest per capita concentration of independent fashion companies outside of New York and Los Angeles. That has been verified time and again.”

Intrigued even more, she decided to form the Nashville Fashion Alliance, an organization that focuses on building emerging fashion companies, she said. The mission is to build the regional fashion industry by providing support and resources to elevate the exposure and amplify the impact of early-stage fashion businesses, she added.

“There are many things we believe we have the opportunity to take advantage of,” Tucker said. “First, digital tools and e-commerce on the retail side are creating The Long Tail effect. And I saw this in the music industry. You no longer have to be in Macy’s to sell your wares. You have to find your audience, you have to speak to your audience and you have to sell to your audience – you have to deliver. There are many more companies where owners are making a nice living – not billion-dollar companies, but just a nice living running through digital tools and e-commerce.

“Supply chains are changing, evolving,” she added. “Digital innovations, shorter cycles, sustainability, transparency, conscious consumerism – that’s before we even talk about tariffs. So meeting the needs of these emerging industry companies is where we believe the opportunity is to provide an environment that enables innovation and growth in this sector of the business.”

She went on to explain how the NFA can help entrepreneurs find the resources they need to succeed. Access to these resources is often out of market, difficult to source and too expensive for individual companies to afford their own, she said.

The solution: NFA is charged with raising \$10 million to build The Resource Center, which will provide “a seamless package of initiatives to help accelerate fashion companies,” Tucker said. The center will provide business services such as an accelerator program, common services such as a showroom/retail lab and production services such as a micro-factory learning lab.

Tucker encouraged attendees to join the movement, support the mission to innovate and build, participate in NFA events and support The Resource Center. A forthcoming event is the first annual Nashville Denim Days Festival, which will take place November 10-11. This indigo-soaked two-day shopping event at Marathon Music Works in Nashville will include interactive displays, indigo dyeing workshops, new denim designers as well as established brands, and denim mills alongside in-store events, a vintage denim market and more.

Harry Moser, founder and president of the Reshoring Initiative, kicked off Day 2 with a big announcement: That SEAMS and his group will launch the first Sewn Products National Reshoring Award. The award is open to all companies that have successfully reshored the sewing of any product to the U.S., thus accelerating the made in America movement, he said.

During his presentation, Moser took a moment to praise attendees representing that sector.

“Your industry is probably the one hit most by imports,” he said. “But for an industry that’s been beaten down so heavily – 97 percent of the consumption of apparel being imported – I think you’re coming back stronger than anybody else I’ve seen. So I think you all deserve a round of applause.”

Moser discussed several relevant trends that are positively shaping the reshoring landscape in recent times, including:

- eCommerce, which requires immediate replenishment;
- Rapid design changes, which require a need to test products, collaborate with influencers and fulfill consumer expectations;
- Advanced technologies, which minimize the impact of higher wages and lessens production time;
- Heavy retail discounting, which requires lower inventory and a smaller minimum order quantity (MOQ);
- Rising offshore wages, which reduces the price gap;
- Preference of made in the USA, which helps with volume and margin; and
- Mass customization and localization.

“Overall the trend has been good,” Moser said. “About 15 years ago, we were losing about 240,000 manufacturing jobs a year, and China was coming on strong. But by 2016, the tide was turning – the rate of losses was a fraction of what it was before. The rate of coming back was up dramatically. And the net jobs gained was positive – so a huge improvement in the trend. And that trend continued into 2017 – it was up 50 percent again from 2016.

“It started significantly when Trump was elected because of companies being optimistic that the taxes and regulations would be cut and that there wouldn’t be significant additional difficulties for business,” he added.

The increasing advantages of producing near the customer have driven companies to bring approximately 250,000 manufacturing jobs to the U.S. from offshore since January 2010, he reported. The inflow of jobs now roughly balances the outflow, but, based on the country’s \$500 billion/year trade deficit, there are still about 4 million potentially recoverable jobs offshore.

The reversal of the offshoring trend is driven by rapidly rising Chinese wages and by companies realizing that producing in or near the market has balance sheet, risk and strategic benefits that often outweigh higher wage rates, he said.

The Reshoring Initiative, founded in 2010, helps manufacturers realize that local production, in some cases, reduces their total cost of ownership of purchased products and tooling. The initiative also trains suppliers how to sell against lower priced offshore competitors.

He discussed the capabilities and services the Reshoring Initiatives provides to companies that are looking to or are in the process of bringing manufacturing back to America, including:

- An online library of 5,000+ reshoring articles;
- A case study template for posting cases;
- Motivation for skilled manufacturing careers;
- A summary of 15 surveys on consumer preference for made in USA;
- Resources for retail suppliers; and

- Free Total Cost of Ownership (TCO) software for companies for sourcing and suppliers of parts and equipment for selling.

The TCO helps groups and companies objectively decide whether or not reshoring is right for them, he said.

Moser later discussed the reasons to re-evaluate reshoring, including among other reasons, to: Appeal to rising consumer preference for made in USA; and reduce lead time, excess inventory, stock-outs and overstocks.

He closed by requesting that SEAMS members cooperate with the Reshoring Initiative in such areas as testing the made-in-the-USA impact on volume and price and how to help consumers find made-in-USA products; documenting reshoring cases; enabling reshoring; and convincing brands and retailers to re-evaluate their sourcing models.

Lloyd Wood, director of Public Affairs for the National Council of Textile Organizations (NCTO), updated guests on all matters trade and reminded attendees that the U.S. textile industry remains the fourth largest exporter of textile products in the world.

“People may say, ‘we don’t export anything. Wrong!,” he said, noting that total textile and apparel exports were \$28.6 billion in 2017. Plus, he added, the industry invested more than \$20 billion in new plants and equipment from 2006 to 2016, another indicator of improving health.

From a fiber and fabric standpoint, as a percentage, the U.S. doesn’t import that much, as those products represented only about \$11.3 billion of the \$118.4 billion worth of textile and apparel imports in 2017, Wood said.

“Dovetailing onto what Harry (Moser) said, if the administration wants to start making more stuff here, one of the first things you look at is what people are buying,” Wood said. “Of course, some of that almost \$120 billion worth of these products that we’re importing does contain U.S. components. But if we can solve some of the issues – the automation issues, for instance – and if we can fill some of the holes in the supply chain, combining with some of these things like e-commerce, there’s a lot of business to bring back.”

Wood spent most of the balance of his time discussing trade matters, particularly those being reviewed by the Trump Administration. He did a deep-dive into the China 301 Intellectual Property Case, pointing out that Section 301 of the Trade Act of 1974 provides the U.S. with broad authority to enforce trade agreements, resolve trade disputes and open foreign markets to U.S. goods and services.

Rounding out the conference was three concurrent breakout sessions:

- “Affordable Care Act: Potential Rise of Association Plans, ACA Employer Penalty Notices, Repeal of the Individual Mandate,” moderated by Thomas Yearian, vice president and director of Estate & Business Planning Services for J. Smith Lanier & Company;
- “Launching New Textile Products: Checking All the Boxes to Meet Customer Requirements,” moderated by Harrie Schoots, business manager of Specialty Fabrics, Ascend Performance Materials; and
- “Modern Demand Meets Domestic Manufacturing: Meeting Customer Needs of Today, Workforce Recruitment and Retention, Small vs. Large Production Runs, Impact of Rush Orders,” moderated by Tanya Wade, entrepreneur intake administrator at the Manufacturing Solutions Center in Conover, N.C.