

2019: Member companies share generally positive outlook

By Devin Steele

(Editor's notes: The economic environment continues to bode well for SEAMS and its membership as it remains steadfast to its mission to build a U.S. supply chain bridge to assist retailers and brands seeking to meet fast-changing consumer demands.

Reshoring, near-shoring and back-shoring will continue to be the inevitable result as these retailers and brands explore better ways to serve those consumer requirements for fast fashion, personalization, customization, sustainability, omnichannel experiences, et al., made possible only through local-for-local and on-demand production in this country and this hemisphere.

SEAMS members are helping to build that supply chain bridge, of course, so we thought it would be relevant and informational to see how companies in the association are faring as 2018 draws to a close and 2019 looms. As such, we sent questionnaires to a number of members to anecdotally gauge how their companies are doing as we continue our quest to repopulate the sewn products industry in America.

Following is input from participating companies on their outlook for 2019 and beyond.)

Pat Hickey, acting president of the board of directors at Minnesota Knitting Mills (MKM), said the company anticipates double-digit growth in 2019.

“At MKM, we continually look for process improvements internally and the same from our suppliers so they can meet critical price points, turn time and quality,” he said. “Raw materials impact us the most for meeting customer needs. We can’t knit it without the yarn. Mills in the USA supplying yarns must reduce turn times to meet customer demands. Labor and labor costs have an impact that can cause struggles – but can be overcome by providing a wage that is competitive and a workplace that shows respect for all workers.”

Henderson Sewing Machine Co. also is poised for positive growth and significant improvement next year, according to Frank Henderson, president & CEO.

“But only if our federal and state governments DO NOT reverse the positive moves over the last two years, including fewer regulations, reduced taxes, inflation control and low rates of borrowing money,” he said.

Gehring-Tricot Corp./Tweave, LLC President & CEO Skip Gehring said he expects another 10 percent to 15 percent increase in sales in 2019, adding that the company has spent approximately 20 percent of its sales dollars in recent years on major upgrades within manufacturing.

“Dramatic increases in the upgrade of manufacturing facilities improve efficiencies and capabilities,” he said.

Champion Thread leaders also envision a similar positive outlook.

“Given the strong market economic and market conditions we see right now, we expect this growth to continue into 2019,” said company President Matt Poovey. “We also believe that we are well-positioned to seize what we believe will be a growing trend for custom and mass-customized products in 2019 and beyond. We are also buoyed by our ability to grow

market share over the past several years. This will allow us to grow even if overall economic growth slows as some have projected.”

Meanwhile, Hamrick Mills always anticipates and plans for a comparable year to the previous and tries to prepare for it, according to Jim Hopkins, director of sales.

“Unfortunately, our crystal ball is as cloudy and/or as clear as everyone’s,” he said. “Also, we have no control and cannot gauge what our competitors, mainly foreign, will do or attempt to do over the course of the months ahead. Their focus and goals are not normally – hardly ever – the same as ours. And our government and their actions can and will have an effect on our business. Whether that is positive or negative is anyone’s guess.

“All factors mentioned are equally important and unpredictable,” he continued. “We have to take one day, week, month, quarter and year at a time. Change and flux are constants in our business and how we handle and manage those will determine how successful we will and can be.”

After a healthy growth year in 2018, Apex Mills anticipates an even better year in 2019, said Pam Siegel, chief marketing officer.

“We have identified partnerships that will expand our capabilities and we’re working with new fabric treatments,” she said. “Many of our fabrics are OKEO-TEX certified and we have achieved our ISO certification, highlighting our ongoing commitment to deliver exceptional customer service.

“We are also facing a growing global market for smart textiles, with it expecting to reach \$5,369 million by 2022, up from \$943 million in 2015,” she added. “As a pioneer in this area, we anticipate being able to lead the march in engineering textiles that integrate sensors, harvest energy and include thermoelectricity and other features that are becoming highly desirable in select industries, including military and defense, healthcare and sports and fitness. Remaining connected with academia and government agencies, we’re able to navigate the current landscape and engage in activities that will bring these technologies to market.”

Apex’s positive outlook is in part fueled by the expanding economy, as well as the renewed onshoring of production, Siegel continued. The automotive industry continues to look for new and innovative fabric solutions, as do the law enforcement and healthcare industries, she noted.

“We constantly research advancements in yarn construction to provide solutions that can be inherent to the fibers themselves or applied to the fabric once optimal construction is achieved,” she said. “Our ongoing commitment to our customers and our longstanding relationships remains a pillar for our success.”

Although Apex Mills is committed to the rapidly expanding e-textiles market, it keeps a sharp eye on its core capabilities and continually constructs fabrics that meet the needs of product designers and engineers, she added.

Chris Marsh, president of Hemingway Apparel, said he expects another record year for U.S. apparel manufacturing and Hemingway Apparel. “Our biggest challenge will be how to overcome the employer mandate with the ACA (Affordable Care Act).

The outlook also is better for Buhler Quality Yarns Corp., said David Sasso, vice president of sales.

“We fully expect next year to be better in sales due to adding flexibility in fiber selection and additional production,” he said. “Having better flexibility/reaction, better quality and better price competitiveness are all factors.”

MMI Textiles is a certified woman-owned small business and, by being small, “we believe we can be flexible and agile enough to react swiftly to any market changes and do our part to stay in front of industry trends and listen to our customers thoughts,” said Geoff Senko, national account manager. “We never go into any year thinking we will do worse and are sure to put an aggressive sales goal in place for 2019. Along with a key director of sourcing addition, we have added quite a few members to our all-star customer service staff and increased our brand awareness. Focus on what you do best, and that is customer service for MMI Textiles!”

With its product mix, LACorp is projecting 2019 to be comparable to this year, according to company President Jeoff Bodenhorst Jr. “The future is always uncertain in the contract cut-and-sew business, but we feel our relationships with our customers will allow for continued success. To prepare for continued success we have continued training and also have created room for growth at our second recently opened facility. We are also always looking for other markets to serve in the sewn products space.”

The biggest factors affecting the 2019 outlook are the unknowns with customers’ businesses as well as the overall strength of the U.S. economy, Bodenhorst added.

“We are a contract cut-and-sew company, so we must continuously find ways to better serve customers through quality, turn time, and price, in order to secure their business. As we do not have any of our own branded items, we must continue to involve ourselves in our customer’s business to best serve their customer.”

Draper Knitting Co. is getting an influx of inquiries and project starts, which it hopes to convert into more business in 2019, said company President Kristin Draper. And the biggest factor affecting her outlook? “An incredible interest in wool!” she answered.

Michael Lavroff, president of Jason Mills LLC, called 2019 “the great unknown.”

“Tariffs and administration woes could derail economic growth,” he said. “We are being VERY careful with inventory growth. We’ll know more after the first quarter.”

Dean Wegner, who launched Authentically American a year and a half ago, said he expects 2019 to be “exponentially better” for the company, whose patriotic branded clothing lines are 100 percent made in America.

“Now that the ‘foundation’ of our business is established, we are shifting our focus to ‘build the brand’ and ‘scale up’ so more customers and consumers know about our business and we are partnering with more customers and bigger customers,” Wegner said. “In anticipation of the increased B2B and consumer demand, we are staffing a robust sales and marketing team, highlighted by hiring Adam Suttle, our new VP of sales & business development, and Sarah Mallory, our new marketing manager.”

OnPoint Manufacturing (OPM) also is bullish for 2019.

“But with respect, we believe much of the legacy mindsets and indoctrinated beliefs about efficiencies and productivity of the existing offshore supply chain networks need to change,” said COO Matthew Cochran. “We understand many organizations are risk averse; however, if profitability and consumer demand for an enterprise’s goods and services are dwindling, then a change in thinking and operations, even on a tertiary level, should be taken into

serious consideration.

“We believe it has to do with change management and decoupling the mindset that the present offshore models are truly working when focusing on profitability, personalization, sustainability, consumer demand and more,” he added.

Trotters Sewing Co. anticipates that sales will increase in 2019 for its contract cut-and-sew company, according to Lori Trotter, business manager.

“In the last quarter of this year, we have received many new requests for business not only from local furniture companies, but also other industrial furnishing industries,” she said. “We anticipate some of these leads to increase sales dollars going into 2019. We feel very positive about the changes that have already taken place (including a name change this year), and are looking forward to increased sales and production in 2019.”

A fabric maker who requested anonymity described 2019 as “a real unknown.” “Some of our customers are being very cautious heading into next year. I expect flat conditions, but the effects of tariffs are a real factor that may affect the market next year. Raw material increases will continue to affect our business in 2019, with nylon shortages and tariffs affecting import yarns.”

Another anonymous participant, a yarn producer, said the company is forecasting an 8 percent improvement in sales due to becoming more involved in technical markets.