

SEAMS members opine on reshoring, economic prospects, the skills gap and more

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 are general thoughts about business conditions, economic prospects, U.S. manufacturing, reshoring, made in America, the skills gap and more from participating companies.)

Reshoring has been occurring over the past several years, but 2018 seemed to bring a wave of opportunity to the U.S. textile market, according to Geoff Senko, national account manager at MMI Textiles.

“Perhaps the TPP (Trans-Pacific Partnership) falling through, increased tariffs on imports, the signing of the USMCA (U.S.-Mexico-Canada Agreement), increased government spending and international issues such as worker’s rights in Asia causing increased costs have jolted this market and allowed us to be more competitive,” he said. “We think 2019 should be another strong year as we increase capabilities here in the USA.”

Matt Poovey, president of Champion Thread, called the prospects for U.S. and Western Hemisphere manufacturing “excellent.”

“Many of our international partners and customers are telling us that more work is ready to move back as a result of tariff and trade concerns,” he said. “These companies see the need to have a presence in the local market in order to provide the level of service required by their brand and retail customers.”

Poovey added that while the company is positive for the new year, it naturally has some concerns. The looming issue of tariffs and a potential tariff war may significantly impact global economies, he pointed out. Also, the full potential of reshoring manufacturing to the U.S. will not be realized without the availability of skilled labor, he noted.

“We see this as an important issue that our industry must ramp up efforts to address,” he said.

While there are many open-ended discussions with the economy, specifically regarding the market, interest rates and wages, Chris Marsh, president of Hemingway Apparel, said he still believes U.S. manufacturing will remain strong in the textile and apparel sector.

“The efforts of many companies to reshore, combined with an overwhelming surge of new and developing U.S. brands, the domestic supply chain is ever growing,” he said. “While it is a difficult challenge to meet the demands domestically, it is being done.”

Another hot topic of conversation, as Poovey also mentioned, is the skills gap and how to fill the jobs that are being created.

“We are actively involved in this conversation and believe that if we are to address this problem long term, that the gap between industry and K-12 education needs to be addressed,” Marsh said. “There is a huge disconnect between these two entities and we are working hard to find solutions.”

Hemingway Apparel is piloting a program that will begin with children in the 3rd and 4th grades working with the company on a project designed to make learning relevant and tangible, then providing similar projects with other industry stakeholders committing to grade levels 5th-10th, he said.

“We would then measure those students’ progress each year in various ways in hopes that we have fully prepared them for the workforce and provide them with opportunities,” Marsh said. “The idea is to address the student population that will not go on to higher education. Currently, there are nearly 40 percent of high school graduates across the country who don’t continue their education. Of that 36 percent to 40 percent, depending on the socio-economics of their area, nearly 15 percent fall out of the system for various reasons. The other 25 percent are entering into the workforce. This is a sustainable work force that we need to invest in.”

Lori Trotter, business manager at Trotters Sewing Co., also brought up this hot topic.

“Many of the calls we receive are from companies that just can’t find skilled seamstresses and/or fabric cutters, and they need help with their orders quickly,” she said. “We also notice more companies trying to bring their production back to the United States, which is very encouraging, but can be complicated for them also. Most are used to a “turnkey” production from overseas, and they are not used to sourcing the different supplies needed for their finished products. We do everything we can to lead them to the different sources available in the U.S., and this is one reason the SEAMS supply chain is so important! It is going to take all manufacturers and suppliers working together to bring and keep these products in the U.S.”

Trotter added that the company is optimistic about the prospects for U.S. manufacturing, but the lack of a viable, young labor force to fill many of the manufacturing jobs available remains the big problem.

“Many of our employees will be aging out of manufacturing in five to 10 to 15 years, and that worries us,” she said. “We are working locally with colleges and high schools to find ways to increase an interest in basic manufacturing skills such as seamstresses, patternmakers, sewing machine mechanics, fabric cutters, etc. because there is a real need for it! We see the ‘reshoring’ initiative happening all around us, and it’s wonderful to be a part of it, but if a younger labor force is not available to fully support this movement, it could hinder its continued progression.”

Michael Lavroff, president of Jason Mills LLC, said he believes reshoring may provide a nominal bump at best. “But, the economy will rise and fall on traditional economic pillars – lower taxes and reduced regulation. In regards to textiles: Innovation, innovation, innovation.

"I am moderately optimistic," he added. "I am hedging due to tariffs and administration woes. We have seen tremendous growth in 2018. Remember, the difference between 2 percent GDP – what we saw from 2008-2015 – and 3 percent GDP is 50 percent. The U.S. economy needs to show consistent growth for 2019."

Hamrick Mills Director of Sales Jim Hopkins said he hopes the reshoring trend will continue, "but oftentimes, those who want to reshore cannot let go of their 'low purchase prices' in order to embrace the prospect of putting American citizens to work and promoting their home communities and economies."

LACorp. President Jeoff Bodenhorst Jr. said he sees strong demand for domestically sourced textiles and sewn product production.

"We still receive inquiries every day for our services from tiny startups all the way to much larger, stable brands who are exploring reshoring," he said. "One big hurdle for reshoring apparel production is the overall capacity constraint in our industry. Our industry does not have enough trained operators to handle many of the brands very large production runs as most domestic cut-and-sew companies are already near capacity. Unless the brand is committed to having a made-in-America component to their branding, we believe most will simply 'near-shore' their production."

As an American manufacturer, Apex Mills is glad to see a renewed interest in rebuilding the U.S. textile industry, said Pam Siegel, chief marketing officer. However, the company remains cautiously optimistic.

"After years of losing market share to overseas manufacturers, American textile and fiber makers are seeing profits and adopting a more positive outlook," she said. "New markets for high-tech fibers and finishes have opened doors for advanced products including antimicrobial fabric, fire-retardant finishes, enhanced moisture management treatments, sensor-imbued smart fabric and polyester made from recycled plastic bottles. Technology, automation and productivity improvements have enabled the U.S. textile industry to become more competitive and, therefore, gain new ground.

"However," she added, "we must be able to meet demand. The quest for talent remains an issue for the industry. The high-tech nature of new textiles, partnered with a drive for productivity has increased the need for experts across the areas of textile engineering, polymer chemists and dye specialists. The good news is that colleges have seen an increase in enrollment for students concentrating on textile and apparel studies as well as fiber science."

Siegel added that despite a shrinking industry, Apex has been able to remain competitive by listening to its customers and delivering quality fabrics that meet their expectations. Through collaborative application-driven design and a nimble approach to business, the company has been able to acquire the machinery needed and attract the talent required to deliver on its customers' needs, she said.

Asked the comment on the economy and prospects for U.S. manufacturing, David Sasso, VP of sales at Buhler Quality Yarns Corp., responded, "A strong economy helps, but if you don't make the right product, then you are still sunk. By that I mean the supply chain has to gear itself to be more flexible with speed, make better products, access to more fibers, improve logistics, etc. There many barriers we have that prevents us from succeeding. Sourcing nice products in this country is not easy, particularly when value is not well understood.

“But I have to be optimistic to be in sales,” he continued. “I have confidence in our ability to compete and innovate. Our tremendous network of fabric manufacturers, academia, industry experts, brands and retailers allow us to draw ideas and inspiration from. We don’t compete with yarns only.”

Looking into his crystal ball, Mathew Cochran, COO of OnPoint Manufacturing (OPM) said the company is paying strict attention to the textiles/apparel production, the supply chain and the reshoring trend.

“The next 12 to 24 months will be a very interesting time in how brands, retailers, manufacturers, supply chain cohorts and those involved in the concept to commercialization chain execute on delivering more personalized goods, more quickly, all while increasing profitability,” he said. “If there was a time to test and augment existing models, we feel it would surely be now.”

Cochran added that other “soft benefits” that U.S. textile and apparel production promote should not be overlooked.

“Namely, the social/environmental consciousness we can promote, in addition to fair labor practices and greater transparency,” he said. “Statistics are showing that this matters to today’s consumers and organizations that demonstrate and promote CSR (Corporate Social Responsibilities) are where the consumer is gravitating towards. What better way to institute, adopt and practice such basic ideals, than to do so locally?”

Frank Henderson, president & CEO of Henderson Sewing Machine, said he is bullish on U.S. manufacturing of textile and sewn products in the coming year because of the growth of the digital microfactory and the reshoring of textile products because of automation and the total lower cost associated with it.

“We live in a culture of consumption,” Henderson said. “The future belongs to the creative companies where change is constant. FAST is the normal. Embrace change daily. Companies that pay close attention to details will thrive.”

Skip Gehring, president & CEO of Gehring-Tricot Corp./Tweave, LLC, said he recognizes that major strides in reshoring of textiles and apparel to the U.S. have been made.

“This is something that is long past due,” he said. “While having ‘free trade’ with countries around the world, it must be FAIR in regards to tariffs. But our decision makers in Washington MUST keep one fact in mind regarding the moving of manufacturing overseas – any country’s national security and the ability to ‘defend itself’ go directly hand in hand with domestic manufacturing.”

That said, he added that he is very optimistic about the growth of textile and apparel production in the U.S.

“It is the responsibility of our government to protect domestic manufacturing – but it is also the responsibility of the officers of any company to continuously upgrade and update their respective manufacturing in order to help in competing with overseas suppliers, and to always innovate new products.”

Pat Hickey, acting president of the board of directors at Minnesota Knitting Mills (MKM), also acknowledged that reshoring is taking place – but slowly.

“The infrastructure needs to further expand as more workers, specialists, sewing operators, etc. are needed now,” he said. “Multinational companies need to take a look at what the

costs really are when buying offshore: validating truthful material and content descriptions; labor conditions where they are manufactured; quantities and timelines required; actual all-inclusive shipping/inventory costs; management costs incurred for each of those processes; and more. U.S.-made product quality and delivery outshine imports on an overall basis. Recently, I watched as products at an event were sold directly out of used, banged-up and opened Home Depot boxes. But those items were cheap – by all standards.”

As we look at what the U.S. supply chain could become, there is the potential for great optimism, Hickey added.

“We need to work together to establish strong interactions between raw material suppliers at all levels – dye houses, knitters, finishers and logistics. And implement more automation.”

Dean Wegner, founder of apparel brand Authentically American, said there is a genuine enthusiasm and interest in the U.S. for high-quality, American-made goods that are competitively priced. “My assessment after speaking with hundreds of customers over the last year is that reshoring is for real!” he said.

Kristin Draper, president of Draper Knitting Co., said she is also seeing evidence of reshoring, and she is hoping that with the tariffs, even more companies will begin to reshore next year.

Lacey Bell, president of Fireflyline, said she sees more U.S. consumers searching for ethically sourced products and increased interest in where products are produced. Supply chain transparency is much easier to track the nearer the product is sourced, she added.

“We work with clients who contract production in the U.S. and overseas,” said Bell, whose company offers 3D virtual samples and fit improvement services to companies creating cut-and-sew goods. “The No. 1 issue our clients have with producing in the U.S. is ease of process. U.S. apparel manufacturers need to offer sourcing assistance and product development services to gain those clients.”

A SEAMS member who asked for anonymity said he thinks the jury is still out on reshoring efforts. “Maybe a few pockets of business have seen benefits from reshoring, but pricing in Asia remains significantly below our cost for textile fabrics. Unless there are outside factors such as the Berry Amendment, USMCA or CAFTA requirements that mandate USA fabric, there is no way we can compete. Most companies still choose to bring full package from outside the USA due to lower cost. I like all the positive news about U.S. manufacturing being a focus in the future, but I am still unsure if this will be a reality for textiles.”

Another respondent who asked to remain anonymous said he does not see much improvement in the economy for its goods. “I think overall the economy will continue to grow but do not expect it to affect our business that much.”