

## **REVIEW & FORECAST**

### **2019: Growth experienced by several made-in-the-USA-focused SEAMS member companies**

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 after a well-received Review & Forecast feature last year, we thought it would be relevant and informational again to see how companies in the association are faring as 2019 draws to a close and 2020 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 where they stand in 2019.*

#### **Authentically American**

Authentically American, LLC, Nashville, Tenn., celebrated its second anniversary in operation in 2019 – a year that saw its business nearly double, according to founder Dean Wegner.

Wegner created Authentically American to sell premium, competitively priced consumer branded apparel and other merchandise that is ALL made in USA – no exceptions, he said.

“We are a new business, and everyone is just now beginning to find out about us,” said Wegner, a former Army Ranger who previously owned U.S. military dress uniform provider Omega Apparel.

He added that he expects 2020 to “definitely be better,” especially after the recent national media attention it received. That includes three [appearances](#) on Fox and Friends, including two with NASCAR legend Darrell Waltrip, a company investor, and a [feature article](#) in FORBES.

“I believe it continues to be a great time for anyone who stakes a claim to made in USA,” Wegner said.

#### **Buhler Quality Yarns**

David Sasso, vice president of Sales and Marketing for Buhler Quality Yarns, Jefferson, Ga., said the company experienced a healthy year.

“Our business has been more robust than the past couple of years,” he said. “Retail, market uncertainty and demand generated more business for our high-end and technical yarns.”

The company's projections for the first quarter, at least, seems "very positive," he said. New yarn products coming online will help Buhler sustain a higher level of sales activity for the rest of the year, he added.

"Projections are no longer accurate," Sasso said. "Flexibility and supply chain leadership can carry the business long term."

Uncertainty gives Buhler Quality Yarns new opportunities, but fabric and product development seems to be lagging behind, he pointed out. "Retailers have yet to understand how to harness the potential of the hemisphere," he said. "As long as this continues, our struggles will continue."

Sasso went on to call the economy good, but as it relates to apparel and textiles production in the U.S., the industry must focus on product, innovation and speed to continue the growth of reshoring, he noted.

"Of what is left in the U.S., our supply chains need to be able to complement each other," he said. "There are holes in our capabilities that one without the other limits our ability to effectively source here."

He added: "Business is trying to come back. We need to pay attention to what is trying to come back."

### **FIT USA Manufacturing**

Troy Olson, CEO and owner of Ormond Beach, Fla.-based FIT USA Manufacturing, is riding the wave of the made-in-America movement, you can say.

"We see a 50 percent growth in sales with a good bit of customers bringing their business back to the States," he said. "Our 2020 pipeline currently is trending to stay on the uphill climb."

A full-package apparel production company, FIT USA specializes in sublimated athletic apparel. Some of its major areas of focus are sublimation, cut and sew, pattern making and grading, fabric sourcing, warehousing and logistics.

Turn times have been one of the biggest positive factors in the company's growth, and its biggest challenge is finding labor heading into the new year, Olson added.

### **Hemingway Apparel**

As a cut-and-sew contractor, Hemingway Apparel, Hemingway, S.C., experienced a good year in 2019, according to President Chris Marsh.

"Hemingway has been at or above capacity all year," he said. "While we aren't entirely certain, we believe that a portion of it relates directly to the building out of the supply chain domestically, combined with the reservations in foreign investment surrounding the uncertainty of global trade. We also experienced a higher-than-normal dialogue with startups this year."

Marsh added that the company is anticipating 2020 to be cautiously strong and slightly better than 2019.

“As a domestic contract cut-and-sew facility, we experience the trickle of international trade policies,” he said. “While we aren’t directly involved with those policies, many of our customers are. It remains to be seen how the recent passage of USMCA and likely future concessions with China will ultimately impact us, hence the optimistic caution.”

Marsh also pointed out that unemployment levels are at historic lows, interest rates are steady and production capacity for 2020 is filling fast. “All indicators are that the economy is doing very well, at least in our industry sector,” he said.

But trade deals will play a major role next year, he noted.

“I’m not exactly sure of the impact they will have on those of us producing apparel locally,” he said. “We are optimistic for the coming year and I personally believe a byproduct of the ‘trade wars’ is that it strengthens the supply chain at home by leveraging business across many sectors and regions, rather than just a few global hot spots.”

### **Henderson Machinery Co.**

Greensboro, N.C.-based Henderson Machinery Co., which represents numerous global textile and sewn products equipment providers, saw improved business in 2019 compared to last year, reported Sean Burke, cut-and-sew consultant and sales rep.

“The Henderson Machinery team – management, technicians, sales and spare parts – being proactive and listening to customers’ concerns and throwing around ideas internally to propose to our customers has played a key role in this year’s success,” he said. “Our machine suppliers are embracing technology and offering flexible and innovative equipment to produce a final product and also eliminate labor-intensive operations.”

Burke added that the company expects an even better year in 2020 as it expands outside of its “comfort zone” of hosiery.

“New customers are meeting our highly skilled staff and understanding our level of professionalism and experience when it comes to installing new equipment and after-sales service,” he said. “As we continue to grow, marketing and quick LinkedIn updates on what we are installing will continue. Putting a face to the name or email has been a good executive decision and is a good reinforcement to our staff that they are greatly appreciated.”

Being more active on social media offering updates on LinkedIn in recent months has expanded Henderson Machinery’s network of connections and has given the company the opportunity to have meetings and discuss new equipment for companies it has tried to connect with for years, Burke said.

“Tradeshows and conferences are always beneficial in meeting new people, too, but for 2020 the main show will be Texprocess Americas/Tehtextil North America. And SEAMS’ conferences and events are always great for us to network and get educated on what is going on in the industry.”

### **Henderson Sewing Machine Co.**

Frank Henderson, CEO of Henderson Sewing Machine Co., Andalusia, Ala., ties much of the vagaries of his business to what’s happening Inside the Beltway – and, so far, so good, he said.

“This year has been a good sales year, thanks in part to the Trump Administration,” he said. “Many companies are reshoring and near-shoring more production. Micro factory installations and IoT (Internet of Things) 4.0 installations are pacing ahead of previous years. And, finally, (there is) implementation ... not just talk.”

He called 2020 “highly anticipated” and promising – “IF the Democrats in Washington, D.C., would stop their witch hunt and radical, resistance and revenge politics of President Trump and an administration that has done more for American business in three years than the previous three administrations.”

The biggest positives that policies have brought about that are benefiting his business are numerous, Henderson said. Among them: employment is at an all-time high; unemployment is at an all-time low; U.S. brands, retailers and manufacturers are moving more production and sourcing back to the USA or near USA markets; manufacturers are adopting smaller lot production models that are personalized, customized and manufactured after being sold; fast, speed-to-market-driven production is rising; and manufacturers are adopting demand-then-supply models rather than supply-then-hope-for-demand in sales.

As for prospects going forward, Henderson pointed out that 2020 is an election year, and it’s difficult to forecast projections during such an unpredictable environment.

“We have a bunch of Democratic ‘morons’ colluding with a ‘biased press’ trying to impeach a sitting president in a ‘power grab’ to cover up the collusion of a former administration to rig an election and destroy a duly elected president. Trump and the Trump Administration have been exonerated by The Mueller Report, the House Intelligence Committee proof and findings by Devin Nunes over a two-year ‘uncover’ of the facts. These issues and others are the biggest deterrent to business in the USA.”

Another concern, Henderson added, is workforce development.

“People are our biggest concerns in 2020 to the continual growth of the textile and sewn products industries,” he said. “But there is optimism: Companies are moving manufacturing back to the USA; Micro factory models are being built; IoT 4.0 is REAL and works for USA manufacturers.”

## **Jason Mills**

Jason Mills, Milltown, N.J., is still sorting through the numbers, but it is expecting an approximate 3 percent to 4 percent increase in revenue this year, according to President Michael Lavroff.

“Margins remained intact as most tariff-related yarn issues were passed on,” he said. “We’ll be reevaluating all prices as we head into 2020 to make sure we are staying ahead of the curve in regard to costs. As far as factors affecting sales, the continued economic expansion plus several niche areas that seemed to see significant growth, such as materials used in the recreational trade, can be credited as the primary drivers.”

The company, a complete sourcing, manufacturing, warehousing and distribution partner for all mesh, fabrics and industrial textile manufacturing, plans to keep things close to the vest heading into 2020, Lavroff added.

“That is how we prepare – find the sweet spot between keeping your customers supplied on a timely basis – not Just In Time! – and a steady level on inventory,” he said. “With the presidential election coming up next year, things may be a bit volatile, but at a minimum I would expect us to maintain revenue levels.”

Asked what the biggest factors affecting his outlook for next year, Lavroff said: “If we get into the weeds, it all comes down to national politics,” he said. “The Democrats have a couple of candidates that could freak out the economy, and I think that happening is an unlikely scenario. Maintaining the current administration or changing to a moderate Democrat will keep things politically at their normal level of incompetence, and thus maintain even economic growth.”

Assuming the latter scenario is the outcome in November, textiles and apparel as a part of U.S manufacturing should increase at moderate levels – akin to the GDP, he added.

“While having a nominal effect on jobs, reshoring definitely helps U.S. business overall,” Lavroff said. “Tariff pressure and international volatility juxtaposed with technological advances, in my opinion, remain the chief drivers of reshoring.

“The last point,” he continued, “is to always maintain an eye on the future. We always must look forward in regard to design and performance. Not embracing the concept of creative destruction ultimately will leave a company behind. Here’s to a good year!”

### **Minnesota Knitting Mills**

Business at Minnesota Knitting Mills (MKM) of Mendota Heights, Minn., a manufacturer of knit trim, cuffs, bands, collars, braid knit, hats and custom fabric components for various apparel markets, continues to see growth with its existing customer base as well as increased product development with new customers wanting to purchase in the USA, reported Pat Hickey, managing director.

“And we anticipate another year better than the previous,” he said. “To accommodate growth, we are adding depth to our management structure, capital expenditures and continuing to focus on our overall labor market.”

Labor continues to have major impacts on business, he reiterated. Most importantly, recruiting and retaining qualified individuals with a desire to excel in their positions, whatever the responsibility, is a huge challenge, he said.

Going forward, he said he believes MKM needs to stay the course with the entire supply chain, “having a vivid understanding that we need performance out of one another to achieve overall success. Specifically, we need timely delivery of raw materials, equipment and manufacturing to provide automated solutions now – not next year – and customers understanding the true value of buying USA.”

On a related note, Hickey said that reshoring is happening, but not yet at the rate it should be.

“And the availability of raw materials and fibers is increasing, albeit slowly,” he said. “More than in past years, there is a recognition of dependency upon one another in U.S. textile/apparel

production. Those things coming into play along with a strong economy provide feelings of opportunity and optimism.”

### **MMI Textiles**

MMI Textiles, Westlake, Ohio, had a “decent” year, slightly better year over year, but it did see a softer side on government contracting, reported founder and CEO Amy Bircher. However, “it was still our best year yet in sales since the start of MMI in 1997,” she said.

The company is anticipating a “phenomenal” year in 2020, due to some much-anticipated new product launches and investment in both personnel and continued product development, she added. The biggest factors affecting that outlook are a current backlog on orders, conversations and commitments with current and potential customers on new products being launched and its new sustainable line of apparel fabrics that are made in USA and will capture a new audience for MMI, she said.

“The demand is there – we have to find the people to do these jobs and that is where the struggle is for most manufacturers,” Bircher said. “Reshoring and near-shoring have been occurring and will continue to only get stronger. Ultimately, there will be an agreement made between China and the USA, but the tariff issues and political turmoil as a result has many companies working feverishly to develop an alternate pipeline outside of China.”

In summary, she said that sustainability is not a buzzword – it is real, although certain parts of the U.S. don’t see it as much as others.

“Textile companies need to work on their sustainability story and how they are going to nurture the need to be mindful of the environment when it comes to textile and apparel production,” Bircher said. “Circularity is a real thing and needs to be taken seriously. We are committed to this mission and excited to roll out our sustainable fabric line at Outdoor Retailer.”

### **Venus Group**

Another company reporting a good year is California-based Venus Group, with manufacturing operations in Fort Lawn, S.C., a producer of textile products for hospitality, institutional laundries, healthcare, government and home fashion. The made-in-the-USA movement, outstanding quality and quick shipping orders all played a large role in the company’s fortunes, according to Dennis Jackson, vice president of manufacturing, distribution, product development and quality.

“I expect 2020 to be an even better year,” he said, adding that the economy, political turmoil and tariffs could throw a monkey wrench in things. “We continue to bring in new automated machines and expand our product line.”

But Jackson advised that he is “very optimistic” about the economy but concerned the political climate could hurt the growth seen in the last three years.

“The USMCA (U.S.-Mexico-Canada Agreement) should be good for our industry and I think we will continue to see more reshoring due to tariffs and labor increases worldwide,” he said.

### **Zünd America**

Digital flatbed cutter producer Zünd America, Oak Creek, Wis., continues to see a healthy increase of cutter sales year after year in the textiles and apparel segment, according to Andy Arkin, strategic account manager – Industrial Applications.

“With on-demand, quick turn, fast fashion, personalized, customized, short run taking over this segment, single-ply, easy-to-operate, versatile, small footprint cutters are more desired and in demand,” he said. “Zünd is rapidly replacing old, large, multi-ply cutting solutions all over North America.”

For similar reasons, the company is expecting a “great” 2020 in this segment, he added. In addition, as tariffs continue to add pressure, products made with textiles in the U.S. and Canada will continue to increase, he pointed out.

“However, we still have a labor force and cost issue with sewing stateside,” Arkin said. “The cost to produce in the U.S. needs to be addressed, along with tariffs on finished goods only, not raw materials. Conversations with big brands and retailers is to not change the current overseas supply chain. They want to know what is happening so they can react if they need to. The current/old way still works for them. New businesses and entrepreneurs are who have embraced opened factories and purchased state-of-the-art equipment with as much automation as possible to produce in the U.S.”

### **Anonymous**

A fiber producer who wished to remain nameless said his company saw a significant increase in business this year and is expecting an even better 2020.

He said that scientific innovation, private investment and tariffs will be big drivers next year, adding that he is betting on further opportunities developing. Plus, active lifestyle products continue to grow, he added.