



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

REVIEW & FORECAST

Some SEAMS members experience growth in 2021, despite challenges

Made-in-USA movement looming larger in 2022

By Devin Steele

Note: A number of SEAMS' members responding to our survey reported a good to strong 2021, while others described business levels as average or moderate as the COVID-19 pandemic raged on and labor shortages, inflation and other issues continued to stifle growth. Numerous challenges will continue into 2022, but reshoring, nearshoring and back-shoring will continue to become more commonplace as supply chain issues shine a bright light on America's massive import levels and the problems they produce, some respondents noted. As such, SEAMS members remained steadfast to their mission to establish a stronger US supply chain to assist retailers and brands seeking to meet fast-changing consumer demands, and SEAMS will continue to be the bridge-builder for these opportunities.

Following is input from participating companies, listed alphabetically.

Authentically American

Dean Wegner, founder & CEO of Nashville, TN-based Authentically American, waxed philosophic about the Made-in-America apparel movement.

"It is a great time to be American made, but it has never been harder," he said.

To wit: "Our business will grow nearly 50% in 2021 on top of 50% growth in 2020," he explained. "Our growth would have been even stronger, but we are not immune to the national labor shortage. Labor constraints have impacted every step in our supply chain."

Despite those challenges, Wegner said he anticipates a continued upward trajectory for the company.

"The surging interest in Made in USA is real, and I am confident 2022 will be even stronger as the impact of COVID subsides and we return to a more normal labor market," he said. "We are growing our team and investing in inventory to be prepared for the growth."

Buhler Quality Yarns

Like most companies these days, the labor shortage impacted Buhler Quality Yarns, Jefferson, GA this year, said COO David Sasso.

"The level of business was very robust in all categories, but taking advantage of the opportunities fully was dampened by lack of labor in our manufacturing," he said.

But he added that the company is anticipating a better 2022 as it works on employee retention programs, better pay and new equipment installations to improve output and workflow.



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“If labor participation improves and US manufacturing can get back to capacity, we should be able to enjoy a robust year for sales,” Sasso said. “Concerns are that there are other factors we cannot control that will limit our ability to react.”

He added: “The economy may struggle with inflation headwinds, but as far as demand for US manufacturing, the interest and demand are there. The more chaotic global supply chains become, the more opportunities we have to fill the space with faster deliveries.”

Champion Thread Co.

As the sewn products industries continue to recover from the pandemic, Champion Thread Co. (CTC), Gastonia, NC has experienced strong demand over the past 18 months, according to company President Matt Poovey.

“Our double-digit growth in 2021 has outpaced even the record growth we saw in the second half of 2020,” he said. “In addition to a recovering market, we attribute a significant portion of our growth to our ability to gain market share from competitors. Over the past several years, our efforts to build a lean, flexible manufacturing operation have established us as the go-to, on-time supplier of industrial thread and engineered yarns. These technology and human resources investments have paid off in the current recovery. When supply chains around the globe are mired in delays, CTC has positioned itself as the reliable and sustainable partner to our diverse customer base.”

For many of these reasons, he added that the company expects its growth rate to continue well into 2022.

“We see the first half of the coming year continuing strong,” Poovey said. “That said, significant headwinds such as supply chain shortages and delays, inflation, fiscal policies and other primarily external challenges exist that make it difficult to forecast beyond mid-2022. Regardless, we remain confident of our ability to meet our customers’ needs and our industry’s resourcefulness to work through the challenges.”

He added that in addition to a continuing recovery, the company expects pandemic-driven increases in nearshoring of sewn products manufacturing back to the Americas will continue to drive increased demand for CTC’s products in the Western Hemisphere.

Poovey noted that his biggest concerns related to 2022 are the rate of inflation and the lack of available labor to meet the growing manufacturing demand.

“At CTC, we have worked hard to retain our core group of managers and associates who have carried us through the pandemic and into the recovery,” he said. “With such rapid growth, we also know that we will need to continue to innovate to develop the additional workforce required in 2022 and beyond. We will also continue to invest in new technologies and infrastructure to ensure our ability to deliver the solutions our clients need to succeed. We will be announcing details of some strategic initiatives early in the new year.”



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The Chicago Pattern Maker

The Chicago Pattern Maker reported a similar level of business this year compared to 2020, but under 2018-19 levels, according to owner and pattern maker Xochil Herrera Scheer.

“This was not due to lack of demand but instead had more to do with projects that were on prolonged timelines due to supply chain issues,” she said. “We have started changing our workflow to better navigate around those challenges as they will undoubtedly continue in the future; creating places where we can take pause, switch gears to another project in a different phase of development and switch back when ready.”

She added that clients are briefed on this issue “very frankly from the beginning,” so they are “fully aware of the challenges and are OK with this workflow. Many clients are ‘aware’ in terms of hearing about issues on the news but not always sure how this affects them directly, so we are just upfront with the potential and likely scenarios from the beginning.”

Scheer pointed out that she spent a lot of time in 2021 strengthening her existing network as well as forging new connections and figuring out better ways to collaborate with suppliers and factories so that her role in product development can fit more seamlessly with those partners.

“The demand for services hasn't gone anywhere, so making those connections stronger just helps me to pass my clients through the process more quickly, where we can appropriately, and therefore increase our volume,” she said. “I've hired a new team member who is young, and I will be heavily training to again focus on the future. Goal-setting aside, 2022 is looking to be a huge improvement not only over 2021, but it also may be the best year yet for my business.”

Despite all the issues over the last two years, The Chicago Pattern Maker hasn't let its foot off the gas, and just re-directed time into training, networking and nurturing new and existing relationships through speaking engagements, conferences, etc. While that didn't “pay off” in 2021, all that laid the framework for a successful 2022, Scheer said.

“Interest in US and small batch manufacturing from a brand level is steadily increasing, and finally it seems that more suppliers and CMT (cut, make, trim) factories are creating programs to support this,” she said. “The way that the industry pivoted to PPE shows that people and facilities can be retooled and retrained to do various types of work. Overseas factories are offering this level of production and taking work from the US, yet brands still face issues in importing the goods back and risk having their product stuck in port. The better we can align and collaborate within our domestic supply chain, the better we can compete with manufacturers worldwide.”

Scheer noted that although maintaining and growing a workforce is still a major issue for most, she thinks that shifting some focus to address some of the industry's PR issues will help attract workers of any age group.

“People still think of factories as sweatshops. The more we can show what a real factory looks like and the types of cool equipment and job tasks there are – better workers will be more attracted to work there,” she said. “Promoting your training program and being able to show where current employees



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started vs. where they are now shows that growth and longevity are possible. Showing that your organization values the people within it will attract others to want to be a part of your organization, too.

“Revamp your website, use social media, make short video clips, bring in student groups for field trips,” Scheer continued. “You might think these things only help attract new customers, but the reality is that your potential workforce is watching you on these same channels, too. Young people are more excited than ever to work with their hands and be a part of making something. But we’ve got to do better to show the various roles in this industry as the dynamic, skilled career paths that they are.”

Draper Knitting Company

Based in Canton, MA, Draper Knitting Company had a very strong 2020 and hoped that 2021 would follow suit, as the company had budgeted a 20 percent increase, according to President & General Manager Kristin Draper.

But the company – knitters of circular knits both conventional and high pile – found its overall business was slightly down due to a shortage of labor, like many other businesses. As such, Draper Knitting had to increase its lead times from 4-6 weeks to 10-12 week, she said.

“We are ready, willing and able to increase our business in 2022 if we can just get workers in the door,” Draper said. “If we can get employees, we can increase our business in yards by 20% and our business in dollars by 30% due to increased prices while maintaining our margin. The other elephant in the room is the lead time for parts, machinery and the lack of skilled technicians to fix them.”

Asked for her thoughts on the economy and prospects for US manufacturing, she responded: “The government is spending money on trying to resolve the import issues and raising business taxes while ignoring our own manufacturing. They spent most of the pandemic incentivizing workers to stay home on unemployment while there were millions of jobs waiting for them. I have been a proponent for years to disincentivize imports and incent those making it here and employing our own citizens and legal immigrants to ensure longevity and self-sufficiency in the years to come.”

Yet, Draper added that she remains optimistic on a number of fronts.

“I see small textile and apparel businesses and cut-and-sew operations cropping up all over the place, buying Made in the USA, using sustainable resources and supporting the American economy,” she said. “I hope the government will follow suit.”

Henderson Sewing Machine

Frank Henderson, CEO of Henderson Sewing Machine Co., Andalusia, AL said this has been an average year for the company due to a number of factors.

“One of the biggest deterrents to business has been the slow delivery times of products,” he said. “We could increase our sales significantly if we could get products to sell, components to build automation and parts to fill backorders to customers in need of products and solutions to meet customers’ continued need for automation and technology.”



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Unfortunately, he added, supply chain challenges, workforce development issues and a lack of product lead him to believe that 2022 will be similar to 2021 – this at a time when customers are demanding more innovation and sustainable products than ever.

“I do not think the supply chain issues will be solved quickly,” Henderson said. “After all, the world was shut down by governments around the globe for more than 18 months, with few people coming back to work to produce products. Therefore, it will take some time for things to get back to normal. For much of 2021, we have had to develop more vendors for products to ‘try’ and support our needs and our customers’ needs. This will have to continue.”

He pointed out that American manufacturers can compete with anyone in the world – if there is a “level playing field,” noting that the US government seems to be the biggest stumbling block.

“The US has far more regulations, benefits and guarantees for employees, as well as base rate of pay,” he said. “Ninety-eight percent of textile products are imported into the USA because of these and other factors.”

A positive of supply chain issues? They can foster growth in the domestic textile industry, Henderson said.

“However, if our government continues to ‘pay’ people to not work ... and ‘unequally’ yoke USA manufacturers with countries and governments that do not have the same regulations, guarantees and benefits, then US manufacturers will have a difficult time competing,” he said. “American manufactures must adopt automation, robotics and technology to compete.”

Innovaknits

Innovaknits, based at the Manufacturing Solutions Center (MSC) in Conover, NC only experienced a 20 percent increase in business levels in 2021 vs. 2020, mainly because it lost some PPE business that it had picked up during the pandemic, according to Managing Partner Jason Wilkins. And other consumer-driven business lines – mainly performance athletics – were still very slow, he added.

“We’re hoping for a little better year in 2022, but if labor and supply chain issues continue, we may stay flat year over year vs. 2021 or maybe 5% to 10% growth max,” he said.

Wilkins added: “I think there are positives to making things here that people are really continuing to see in a major way, so that is a positive. But major challenges around supply chain and the labor pool may erase some of those gains and keep work from coming back here no matter what.”

A reason for optimism does exist, however, he added. “Domestic manufacturers just have to try to navigate the challenges and stay out of expansions and business segments that rely on labor scale-ups,” he said.



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IPE

Demand for IPE's shop floor production management, order tracking, incentive payroll and quality control solutions has been strong this year, particularly in the second half, according to Managing Partner Brad Mikes. After experiencing significant growth in 2020, the Greenville, SC-based company saw a more than 50% year-over-year increase in 2021, he added.

"Much of this growth has come from US-based sewn products clients that turned to our technology to meet the changing industry and market demands shaped mainly by the pandemic," he said. "We have seen a measurable uptick in reshoring of production back to the US and the Western Hemisphere since the shutdowns of early 2020. Made-in-the-USA manufacturers are implementing our technology to increase productivity and efficiency while gaining visibility and control of their processes and supply chains."

IPE has also actively expanded its reach into more segments of the sewn products industry. Most notably is its growth in the home goods, residential and commercial furniture markets. The partnership it announced with TexTempo earlier this year has helped tremendously in this market expansion and general market awareness of its solutions.

Additionally, the many supply chain challenges faced today have driven increased local production and accelerated the need to improve manufacturing efficiencies and visibility.

As such, Mikes added that IPE sees an even stronger 2022.

"Even with the headwinds our industry faces, we believe the industry will achieve a full recovery from the pandemic within the coming year," he said. "We are preparing for strong growth primarily by increasing our research and development in new and improved products. These efforts will result in several new product launches in the coming year. We are also investing to ensure that our systems reduce and minimize our clients' exposure to growing cyber security threats. One aspect of this effort will be partnering with our clients to conduct penetration tests (pen tests) to evaluate IT security by safely trying to exploit vulnerabilities in our systems."

To seize the opportunities of 2022 and beyond, IPE will continue to expand its reach into more sewn products segments and territories, he noted. For example, he said he is confident in IPE's goals of doubling its footprint in the home and furniture industries.

"We expect to see increasing domestic production as well as demand for greater productivity, efficiency, supply chain visibility and other manufacturing initiatives," he said.

IPE remains bullish on US-based manufacturing and expects continued, positive growth in reshoring and new startups in sewn products and other consumer goods, Mikes added.

"It is great to see domestic manufacturing growing steadily over the past 18 months, and it's also impressive that soft goods/sewn products are currently leading this growth," he said. "Though our economy faces many challenges, we believe that being based in the US is an advantage for our company and the domestic manufacturers we serve."

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Kitsbow

Kitsbow, which produces durable apparel for outdoor activities such as cycling and mountain biking from its base in Old Fort, NC pivoted early in the pandemic and as a result spent most of 2020 making 120,000 face masks and 100,000+ face shields.

Well over 50% of its revenues was from Personal Protective Equipment (PPE), and that demand carried well into 2021, according to CEO David Billstrom. And as its apparel business came back online, the numbers flipped so that apparel was the majority of its production and sales, he added. This year, apparel will constitute nearly 100% of the company's growth over 2020, and "we couldn't be happier," he said.

"We anticipate similar growth in 2022, simply because in 2021 our production couldn't keep up with demand," he said. "There is no indication the demand is softening – in fact, it is stronger than ever."

Kitsbow continues to be limited almost exclusively by the time and cost of training its artisans in the art of Lean Manufacturing, Billstrom noted.

"It isn't enough to run a cutter or sew a garment, the 'soft skills' of teamwork, problem-solving and improving efficiency is a capacity we need to build in our workforce," he said. "We'll expand again in 2022 with new trainee hires and ongoing training. We have to!"

With Lean Manufacturing at Kitsbow, the company is matching its labor costs on apparel manufacturing compared to "what we used to pay in Vietnam, and that's without factoring in the additional shipping costs we hear about today. It is an understatement to say that Kitsbow is bullish on making premium apparel in the US"

Billstrom added: "Not only does it make incredible financial sense from a cashflow perspective, but manufacturing here is good for the local economy and helps strengthen our community. I see choppy waters ahead on multiple fronts: climate change, supply chain and political division. Local manufacturing is a form of resilience in the face of those challenges – a muscle that we can develop."

He noted that he's aware that Kitsbow isn't the only apparel manufacturer in the US using one-piece-flow and Lean methodology, so the company knows that this approach is picking up momentum.

"We'd like to support the movement in any way we can, and we look forward to further discussions as part of SEAMS," Billstrom said.

LACorp

Cut-and-sew services provider LACorp, Lebanon, VA experienced continued strength in demand for domestically produced sewn products this year, according to company President Jeff Bodenhorst Jr.

"This past year was one of the busier years we have seen in the past decade," he said.



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Contributing factors included the continued need for faster supply chains from its customers, as well as its customers' priority to look for domestically produced goods first, he said.

The company also has been diversifying across many product categories, which allowed LACorp to grow into new opportunities.

"The relationships we had been building in 2020 allowed our customers to grow in their respective markets, which gave us an opportunity in 2021 to provide them with additional services," Bodenhorst said. "Supply chain uncertainty has led many to reevaluate their need for more locally sourced products. We expect this trend to continue into 2022."

He added the caveat that the new year will be difficult to predict.

"We all believed we were getting through the worst of the pandemic this fall, but then we have been thrown a curveball with the new Omicron variant," he said. "We are seeing some slowing of demand as we enter the end of the year, seemingly across all product categories. Due to supply chain uncertainty, we have been planning out much longer into the future on supplies to ensure we can meet our customers' demand."

Bodenhorst added that he believes there is still tremendous opportunity for domestically sewn products and, based on the number of inquiries LACorp receives each day, there is certainly demand.

"Ultimately, I believe the US consumer will still continue to strengthen and support more total demand across all product categories," he said.

The company's outlook is being affected by the persistent evolution of the pandemic, along with continued uncertainty regarding supply chains, labor availability and resulting strength of consumer, he noted. On one hand, COVID is drawing attention to the need for locally sourced items, but on the other, "we must all navigate our own business concerns while keeping our employees healthy," he said. "We are all seeing demand but at the same time are all experiencing higher costs and labor shortages."

Bodenhorst went on to add that as we continue to climb out of the pandemic, he believes the opportunities for US manufacturing are at a "critical point."

"Many who reacted early are being rewarded with new opportunities as demand has exceeded capacity in almost all industries," he said. "I believe supply chain issues will be with all industries for many years into the future and it is causing many industries to reevaluate their need for local sourcing. I believe the US economy will be a driving force for the world economy as we are well positioned for continued growth and expansion."

Bodenhorst said he has spoken with many in the sewn products/textile industry, and he has seen many news articles of investments companies are making in sites, equipment and personnel.

"I believe the US sewn products industry has invested wisely and is in position to grow to meet demand that we have not experienced in many years," he said. "I am optimistic about the near-term future for our industry."

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MMI Textiles

Business was strong in 2021 as MMI Textiles, Westlake, OH, shifted its focus back to its core product line, said Nick Rivera, chief operating officer.

“We were fortunate to have successfully pivoted into the PPE market last year, and we will remain an asset to our customers who continue to operate in that space,” he said.

Rivera added that the company is expecting to have a phenomenal 2022 as it continues to develop new products and work with customers in navigating difficult supply chain issues. The company is making investments in manufacturing equipment along with a distribution facility that will help achieve its goals for 2022, he pointed out.

“We still have to be cognizant of unprecedented supply chain issues, along with challenges in the labor market,” he said. “Like every organization, we also have to be mindful of COVID and its impact globally.”

Rivera also said the company is “very optimistic” about the state of US manufacturing.

“As we all know, container costs and again supply chain issues have forced customers to look at their business and prioritize manufacturing in the US,” he said.

Prime Medical

Wayne Wilson, founder and president of Prime Medical, Largo, FL said his company is “slowly climbing out of the hole” this year, and he is expecting a better 2022 as the company is restructuring.

“We’re confident business will come back stronger,” said Wilson, whose company is the exclusive manufacturer of Bleach Safe Privacy Curtains and Bleach Safe Scrubs & Lab Coats. “I don’t see anything affecting the outlook after we restructure.”

Sewn Products Equipment Co./Ahearn Denning Machines

Sales for 2021 at Sewn Products Equipment Co. (SPEC) of Jefferson, GA, have been equal to pre-pandemic levels of 2019, and its sister company, Ahearn Denning Machines, saw sales in 2021 exceed those of 2019 by around 20%, according to President Dan Berzack.

“We saw a decline in gross sales in 2020 for SPEC – mainly attributed to plant shutdowns in Central America due to the pandemic,” he said. “Interestingly enough, Ahearn Denning Machines in Los Angeles actually experienced growth last year as we saw a number of customers in the US market pivot to PPE manufacturing, which required different equipment than they had at that time.”

He added: “I suspect that 2022 will see continued growth as more companies seem to be making capital investments in their equipment to meet a rising demand across many of the soft goods manufacturing markets. This is true for both our US customers, as well as the manufacturing customers we have across Central America and the Caribbean.”



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Onshore and nearshore manufacturing continues to grow – and with that, SPEC sees continued demand for equipment that has production efficiency advantages or automation that reduces labor requirements, Berzack said.

“In my opinion to be truly successful as a manufacturer in just about any industry, leaders of these companies must embrace the use of the best technology available to 1) efficiently produce their product with minimal labor; and 2) provide a superior product without manufacturing defects,” he said. “The labor rates continue to skyrocket in the US This drives the necessity to automate where possible. While automated machines are certainly more expensive, we have seen the customers that invest in their equipment find success and growth.”

Anonymous manufacturer

A goods producer who wished to remain anonymous reported “extremely strong” growth in the second half of this year, but demand has outpaced capacity. International logistics and pricing issues appear to be the main driver for demand, but capacity has been hampered by staffing levels, according to a company spokesperson.

“We expect 2022 to be a much better year, as we are pivoting our business to more forward-facing markets and categories,” he said.

He predicted that the US economy will struggle to regain its footing in the first half of 2022 due to labor shortages, but will see more stability in the second half. International logistics will begin to improve later in 2022, providing relief for most markets, but that will also put additional price pressure on US-made products again, he added. Because of this, US companies will need to continue the focus on cost-effective production, he noted.

“The demand for US goods is extremely high, and if US companies can position themselves correctly, they can see benefits for several years,” he said.

Anonymous manufacturer

A SEAMS member who requested anonymity indicated that business has been strong since March 2021.

A spokesperson said that various cost increases – primarily due to increasing commodity prices and increasing ocean freight expenses, coupled with supply chain issues due to skyrocketing demand – have made it challenging to navigate pricing strategies while fulfilling customer demands.

“Our philosophy will always be focused on maintaining customer relationships so we can all come out of this together stronger,” he said, adding that the company expects business in 2022 to be comparable or slightly better than this year.

He added that the US government, policies related to COVID-19, elevated costs and the labor market could significantly impact that forecast.



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The company is concerned that the economy may slow due to less federal stimulus, potential rate hikes by the Fed and an increasing Consumer Price Index, which may reduce consumer demand.

Anonymous manufacturer

A manufacturing member who asked to remain anonymous said business was at a good level this year, and the company saw some significant improvement in the business segments most impacted by COVID. All markets have rebounded to pre-COVID levels, the company added.

“We are forecasting a very good 2022, based on current market trends and customers’ business outlooks,” a spokesperson said, adding that it is forecasting strong demand for its products.

“We see a lot of optimism in the market as we move into 2022,” the spokesperson added. “Major customers are very bullish and forecasting good market conditions.”