



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

## **SEAMS' members address supply chain crisis**

*Will issue reignite reshoring movement?*

By Devin Steele

One of the major issues that keep us in the textile/sewn products industry up at night is the supply chain crisis, which along with labor shortages, has impacted inflation (now at a 40-year high).

As such, we wanted to hear from members on how the supply chain pinch might be affecting their businesses. The issue is important on many levels, and brings to light the need for a stronger reshoring/nearshoring movement – which is part of SEAMS' primary mission of Building a Bridge for a Stronger US Supply Chain. Part of the many benefits of SEAMS' membership is information sharing, collaboration and networking, and reports such as this to keep our membership informed.

Listed below, in alphabetic order, are responses from those members who wished to participate.

### **Apex Mills**

As demand for Apex Mills' warp knit fabrics increases, the company is faced with several challenges, according to Chief Marketing Officer, Pam Siegel.

Issues plaguing the industry include securing supplies, labor shortages, price fluctuations, weather-related issues and cyber-attacks that can cripple business operations. With workers out due to COVID, running machines at capacity has been problematic, she said. That, in tandem with the "Great Resignation," where nearly 33 million Americans have quit their jobs, has made it difficult to accelerate production due to the inability to find talent, she added.

Siegel noted that with a record-breaking 7% inflation, business operations cost more. Demand is high for yarn and materials, supply is depleted, and prices are constantly in flux, she pointed out.

"For example, to satisfy a large customer order, we might need to manufacture in different production cycles, and each cycle might draw from resources with different costs depending on the availability of supplies," she said. "This would impact the final cost of each delivery to the customer and communicating this is challenging. Fortunately, it's understood by most customers, as this phenomenon is seen across industries."



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

Customers who have reduced their production during the height of COVID are now resuming business and placing orders, Siegel said.

“While typically, businesses ebb and flow in their needs and orders, it seems like a trigger was switched and everyone started ordering simultaneously, regardless of industry,” she said. “Meeting the accelerated demand while experiencing labor and supply shortages has put a strain on production.”

She added: “Here’s where our strong relationships with suppliers have been valuable. Being in constant communication with our business partners, we can keep our customers informed, helping them to better plan their inventory. We work with our customers to advise them of supply and price trends, as well as our production schedules so that we can work together to meet their needs.”

Experts predict the disruptions will continue well into 2023, despite efforts from the government to mitigate the issue. Siegel noted that it’s nearly impossible to predict how long this crisis will continue or to what level, but it does bring to light the need to establish processes to minimize business disruption.

“Although many of the global issues we are seeing are unavoidable, developing a comprehensive supply chain strategy can strengthen a company’s resilience,” she said.

The issue has created bigger awareness around the need for made-in-America products, she said.

“Although the textile infrastructure in the USA is far from ideal, looking at a better hemispheric infrastructure model would certainly benefit our business as a USA textile manufacturer,” she said. “There aren’t enough sustainable options for yarn in the USA – this is something that should and could be improved. As some global manufacturers of consumer and B2B products are looking at nearshoring their products, a greater raw material supply chain would be needed.”

The pandemic brought a new way of thinking, and many lessons were learned, Siegel said.

“Throughout the COVID crisis, we have seen the textile industry unite to help one another,” she said. “We have learned the importance of networking and working with our various communities, from customers and suppliers to associations and government entities, to pool resources and share ideas. Leveraging your networks and establishing new ones is imperative during these times.”



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

## **Aurora Specialty Textiles Group, Inc.**

Aurora Specialty Textiles Group, Inc., Yorkville, IL, has experienced “force majeure” and as such is ceasing of production of critical chemical components, seeing longer lead times, increased prices for all raw materials and significant increases in transportation costs, according to President Marcia Ayala. Shipping is also unreliable, with significant delays, she pointed out.

“This has put a strain on our customers and our employees,” she said. “The most important thing is frequent communication and transparency with customers. Most, if not all, of our customers are experiencing the same issues with their other suppliers, so there is a level of understanding. In addition, we have planned well so that we have not caused any unsurmountable issues for our customers and have done better at maintaining supply than many of our competitors. We have also qualified second sources for our critical raw materials, so we have a more robust supply chain.”

Ayala added that she doesn’t see an end in sight on the crisis, at least not this year. But it does shed light on an important issue, she said.

“We need more textile sourcing and manufacturing in the USA,” she said. “The market for cotton yarns in the USA is becoming tighter and that is a real issue.”

## **Carolina Cotton Works**

According to Sales Manager Stacey Bridges, Gaffney, SC, Carolina Cotton Works (CCW) has seen delays on ALL items it purchases – yarn, dyes, pallets, cardboard separators, chemicals, plastic, cardboard tubes, etc. ...

Orders that were in place with deliveries quoted were pushed out, and some with price increases, he said, and new orders have seen higher prices.

“We have had a very difficult time getting a delivery from all vendors,” he said. “It has made it a challenge for CCW to quote our customers fabric deliveries.”

The crisis has also impacted the company’s ability to ship fabric to customers in the USA, Central America, Mexico and Haiti, Bridges said. The lack of trucks and containers has caused CCW to hold fabric longer than planned while it works with customers to find alternative shipping options or to wait on trucks/containers, he noted.

“It has put a strain on our customers, but CCW is blessed with great customers that have worked with us to keep fabric moving,” he said. “The No. 1 thing we have done is to sit down



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

with each customer, review forecasts and place orders to cover a longer period of time. Our staff has done an outstanding job of finding alternative vendors for dyes, chemicals, yarn, etc. We have been able to make changes to fabric blends or dye formulas so that our customers receive a fabric that is almost identical to what we have been shipping.”

The top question Bridges gets asked, is how long does he think the crisis will last? “Until supply overcomes demand, we will all be fighting for raw materials,” he said. “I don’t think we will see any relief in the next six months.”

Longer term, an answer to some of these issues is developing a stronger U.S. or hemispheric sourcing strategy, he added.

“Most brands are trying to move business back to this hemisphere,” Bridges said. “The brands that already had a percentage of their business in the region were able to respond to the supply challenges. The brands that had no production in the hemisphere have found it very difficult to move production. CCW, like many other vendors, are taking care of their current customers first.

He added: “If this supply shortage doesn’t cause every brand to think about having all or some production in this hemisphere, I don’t know what will. Production in this hemisphere allows brands to react quicker to problems. It also allows them to carry less inventory because they can react to what styles/colors are selling. Carrying less inventory will ensure they don’t get stuck with styles/colors that are not selling and reduce markdowns.”

Asked for more ideas to “fix” some of these issues, Bridges responded, “This is the easiest question. Produce more in this hemisphere! Don’t have a customer/vendor relationship, but a true partnership. Listen to the problems of your vendors and work through them together. Vendor problems will eventually become the brands’ problems. Use more USA fabric from CCW!”

## **Champion Thread Company**

Overall, Champion Thread Company (CTC), Gastonia, NC, has experienced record demand for its industrial sewing threads, engineered yarns and other products, according to Jim Lee, Vice President of Sales.

“We see the current industry environment where demand exceeds supply as both an opportunity to expand our business and a challenge to work through the increased lead times, scheduling uncertainties and higher raw material costs,” he said. “Since the pandemic began to unfold in early 2020, we have taken aggressive positions on raw materials, finished goods inventories and other ways to meet customer demand.”



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

Lee pointed out that many customers have come to CTC after experiencing a significant lack of product availability from their traditional suppliers. CTC's investments in its lean, flexible manufacturing operations, production capacity, technology and human resources over recent years have positioned the manufacturer as a reliable and sustainable supplier partner in these times, he said.

"Even as we experience some shortages and delays, our hands-on control over our supply chain enables us to meet current needs," he said. "We have also been diligent in communicating with our clients to keep them informed of supply chain issues impacting our businesses."

Lee said he is seeing some improvement taking shape and expects to see tangible improvements in the second half of this year. Eventually, demand will return to more historical levels and provide some relief to supply chain shortages, he added.

"Of course, not all supply chain issues are equal; some will take longer to solve," he said. "For example, raw materials shortages will be less complicated to resolve than the availability and rising cost of labor."

Events of the past couple of years have helped many companies see and appreciate the value of more local production and supply chains, he noted. "We hope that this will lead to lasting change in the way companies do business in the long term," he said.

"The current supply chain challenges favor companies like Champion Thread that are agile enough to essentially make product to order," Lee said. "Our commitment to lean and local supply chains over global sourcing serves as a differentiator in our business and for our clients."

## **Detroit Sewn**

The main issue related to the supply chain crisis at Detroit Sewn has been getting one of its main fabrics – a sweatshirt fleece – that is in high demand for the company, said President and CEO Karen Buscemi.

"I have three different vendors in the US that can get this fabric in for me, and I've been going from one to the next to see who has one of my three colors available," she said. "When fabric does come in, there is such a long list of my vendors' clients waiting for it, I have to commit to buying more than I need because I don't know when I'll be able to get my hands on it again."

She added that the crisis has put a strain on Detroit Sewn's customers. "And, thanks to the shortage, it's made the price go up as well, which of course my customers don't want passed



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

on to them since we had already come to an agreement on price,” she said. “They’ve had to be patient with us. They do understand what’s been going on, which helps.”

Trying to gauge when an end to the crisis may come, Buscemi has asked fabric vendors to see if they have any insights. But they have reported that they don’t see an end in the near future, she said.

The Made-in-America movement is more important than ever, she noted, and the company has been trying to build relationships with US fabric companies – and more flexibility is needed, she added.

“But all the companies I have communicated with so far are very rigid in their minimums and have long turnaround times,” she said. “When they want an MOQ of 3,000 yards for ONE COLOR, I can’t do it. I have asked some of them if they would let me grow with them. I can work through the turnaround time, but they would have to come down on the minimums and so far I have been told no.”

Buscemi called the whole issue “frustrating.”

“It starts at the very top,” she said. “If our government doesn’t make supply chain issues a priority, it won’t be. If our state doesn’t make purchasing PPE from companies in their state a priority, it won’t be. All of the pains we feel seem to come from the ones at the top not saying this is important for our economy, our industry, our jobs, our pathways, our livelihoods.”

## **Draper Knitting Co.**

“There are challenges out there that we have seen many times over our 165-year history, and although the COVID restrictions and challenges were unlike anything we have ever seen before, I hope the supply chain crisis – which we have dealt with many times in our history – that is finally affecting so many, will be the wake-up call the government needs to see how much we need to focus on domestic manufacturing for the future to decrease our import dependency,” said Kristin Draper, President of Draper Knitting Co., Canton, MA.

She noted that over her tenure, she has seen shortages of “so many things, and if you turn your focus in, you will see that domestic manufacturers, like ourselves, have already done that. Instead of focusing on the 3 cents you might save on an imported polyester fiber, we have focused on domestic suppliers and, although they are dealing with personnel issues like we all are, lead times are longer, but not non-existent. We also have long-term relationships with these folks so when the supply gets tight, we see in practice that longstanding customers get preferential treatment over new customers, so loyalty pays off.”



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

The biggest challenge in the supply chain crisis is getting parts, Draper said. She added that customers understand long lead times due to shortages of labor or materials, but when a broken part that used to take two days to expedite now takes 10-12 weeks, it's a hard explanation.

"Although reshoring or using people like Draper who never went away, has its challenges, they are much shorter term than ships waiting weeks or months to be unloaded and no trucks to load them onto," she said.

She pointed out that as soon as the company sees issues cropping up, it tries to keep customers and suppliers as informed as possible and make decisions to try to alleviate the issues before they start, making partial shipments and other concessions.

Asked to guess a timeline for alleviation of the problem, Draper answered, "Wow, I wish I had a crystal ball, but without one, who can say? While there are still people on unemployment when literally everyone I know is looking for help and willing to train, this does not help the

inflation or job situations we are currently drowning in. My business would be thriving if we had workers to get product out."

Draper said that there are a great many advantages to working in the USA, and they include everything from supply chain issues to deliveries, quality, smaller carbon footprint, ethical working conditions and more.

"For years I attended a trade show of sorts in NYC and they talked about making sure that workers were treated ethically, making sure they were sourcing responsibly, that people were treated well and paid fairly and that they were not dumping effluent into drinking water," she said. "And my answer has always been, "If you buy in the USA, you never have to worry about these issues."

Draper opined that one of the hardest things to hear from brands is "we can't make it in the USA". "People are uninformed and do not have easy access to materials and cut and sew," she said. "Both FabricLink.com and SEAMS.org have comprehensive lists of these types of services, so they just need to ask. And rest assured, it can be made in the USA!"

Since Draper Knitting has always been in the US and sources predominantly in America, it has not been as affected by the raw materials shortages, as it has longstanding relationships with most of its suppliers, she said. "So while others are scrambling to find new suppliers and establish relationships, we are proud to have been buying American all along," she said.

In conclusion, Draper said that being part of a venerable family textile business is "crazy but incredibly rewarding!"

**EMPOWERING THE MADE IN AMERICA MOVEMENT**



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

“Working with a startup that becomes a true success story is such a wonderful honor,” she said. “Working with some of the largest names in the business, such as Sherwin Williams, and Globe (MSA), comes with its fair share of challenges, but I think that is what keeps us sharp. Textiles has always been a challenging business, when you think of the \$265 jacket sold by a very well-known brand and they are squeezing me for a nickel to cover the cost of an increase in raw materials, that is a hard business. I think this pandemic, raw materials shortages, backed-up ports, trucking issues and staffing issues will all contribute to permanent changes in the textile business in the USA. I just hope that the government will see this and help textiles and manufacturing infrastructure with favorable tax rates and other incentives that keep Americans employed and the USA more self-sufficient.”

### **Exenta, Inc.**

The biggest impact Exenta, Inc., New York City, has seen with its customers is with delayed orders to retailers, according to John Robinson, Senior Vice President of Client Engagement at the company, a fashion supply chain software provider serving the apparel and soft goods industry. This has caused numerous order cancellations for seasonal items such as Easter dresses or and Christmas sweaters, he said.

Also for non-seasonal items, it hurts cash flow since you cannot collect on goods not delivered, he added. “Of course, retailers and consumers alike don’t look favorably on vendors or brands with backorders. Empty shelves are the retailer’s enemy as is an empty online shopping cart to the online business!”

Having real-time visibility of your supply chain and allocation of product as well as production gives one the ability to make decisions earlier to, for example airfreight a shipment or to reallocate products to fulfill orders by priority, Robinson said.

Some predictions show the crisis improving in the fourth quarter, but the best hedge against this is spreading your risk for raw materials and production to more sources and especially bringing more of them closer to market by sourcing in North America or, better yet, in the United States, he added.

Does this bode well for a larger movement back to this hemisphere?

“Vendors must have access to raw materials and trained labor,” Robinson said. “More domestic and nearshore manufacturers need trade schools and universities along with private and public funding for training. Clearly, our dependency on imports has left us in near-crisis mode.”

He added that companies need to invest in technology that gives them real-time visibility and automation from the concept to cash process so they can have a single version of truth across



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

their entire business and also have access to KPIs and reports in order to make fast and accurate decisions.

“From a federal level, perhaps tax credits for investing in technology and training to encourage current and future manufacturers to invest in their infrastructures and people is the answer,” he said.

## **Henderson Sewing Machine Co.**

Supply chain disruptions have impacted almost all of Henderson Sewing Machine’s operations, with significant delays in delivery of sewing machine parts, most industrial sewing machines, components that it utilizes in its R&D department to design and manufacture automation and integrate robotics into sewing, according to CEO Frank Henderson.

Items such as PLC, HMI, servos, steppers, drivers and almost ALL components that were normally delivered in days and weeks now take three to six months, and some items longer, he said. As such, if the company can’t purchase and receive these items – parts, machines, components for automation, et. al – it cannot deliver to its customers OR grow sales, he added.

“Customers, as a whole, have been understanding of the supply chain issues,” Henderson said. “However, customers also cannot produce more product, ship more products or grow their sales because of the delays. It’s a trickle-down syndrome – it affects all of us up and down the vertical supply chain.

And unfortunately, he added that he doesn’t expect the issue to wane much this year, as delays are common at almost every step up and down the supply chains of most industries.

“The global pandemic has highlighted concerns that the U.S. has been overly reliant on foreign manufacturing,” Henderson said. “As China struggled to handle the coronavirus within their own borders, shutting down or limiting production around the world meant they were unable to meet global demands. On top of reduction in capabilities around typical consumer goods and industrial needs – PPE, medical goods, electronics, equipment parts and more – they were not able to handle the increased demand for these and other products, either.”

The pandemic, he added, has caused introspection economically, politically and culturally – and he said he hopes that will translate into action. Creating more industrial jobs domestically can make an outsized contribution to much-needed economic growth, he noted.

“Economists speak of manufacturing as having a high ‘multiplier effect’ – in that each dollar of value added in domestic manufacturing creates three additional dollars in GDP, and each manufacturing job results in three additional jobs elsewhere,” he said. “With such a high payoff,



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

government and major brands' and retailers' response could include helping companies make the necessary transitions. The textile and sewn products industries need brands, retailers and big box retailers, as well as our government to assist by supporting innovative productivity-boosting technologies now – money to develop advanced digital manufacturing systems, he pointed out. Orders will enable manufacturers to invest in automated systems and technology that produce on demand, have zero waste and zero excess inventory, are smart, speedy and sustainable.”

As it's still cheaper to produce goods in China, Bangladesh, Sri Lanka, Vietnam, India and other Asian nations, that cost-savings gap is ever decreasing as wages in these countries continue to increase, and as such, supply chain issues, geopolitical issues and the carbon footprint being created is exacerbated, he added.

“This makes it hard for corporate decision makers who are trying to decide between more expensive domestic options,” Henderson said. “In those cases, government intervention may be our best option. Incentivizing or subsidizing those manufacturers who decide to shift to domestic manufacturing can help mitigate any negative impact to the bottom line. At present ARM (Advanced Robotics for Manufacturing), AFFOA (Advanced Functional Fabrics of America) and other U.S. government programs are supporting the deployment of advanced manufacturing developments. However, to make the necessary leaps needed, manufacturing industries will need more financial support, more substantial years of orders and more local-for-local manufacturing. There are other implications of shifting production cost – sustainability, globalization trends, potential for higher prices and inflation, increased labor costs – that will all impact the global manufacturing ecosystem as it evolves.”

## **IPE**

The direct impact Greenville, SC - based IPE, a manufacturing-focused software developer and provider, is experiencing due to the supply chain crisis – and the closely related pandemic, labor and cost issues – is the acceleration of technology adoption in the sewn products industry, according to Managing Partner Brad Mikes.

These challenges are driving manufacturers to implement IPE's production management solutions faster than ever before, he said. This is due primarily to their efforts to gain visibility and control of their operations, increase productivity and efficiency, speed deliveries and gain visibility and control over their operations, he added.

“Because we are primarily a software development firm with all our operations in the U.S., we have not directly experienced any significant issues related to the shortage of computer chips or other hardware components,” Mikes said.



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

While sales have increased significantly over the past 18 months, some customers have been forced to modify the implementation timelines of IPE's technologies as they wrestle with the many supply chain and labor issues, he said. While nearly all manufacturers are challenged with COVID-related absenteeism and the lack of available labor, specific industry segments are challenged to meet strong consumer demand for their products for other reasons, he added. Some furniture and bedding manufacturers, for example, were severely limited by the lack of availability of foam and other vital materials.

"One client told us that they were being allocated a mere 25% of the foam volume they needed to meet their strong order positions," he said.

IPE is currently seeing improvements with some supply chain issues, such as the availability of raw materials, Mikes noted. Other disruptions, such as the high costs of materials, shipping and virtually everything else, continue to limit the ability of manufacturers to fulfill their high levels of demand.

"Our outlook is that we will see continued incremental improvements with significant components of the crisis subsiding by the end of this year," he said. "We hope that consumers will continue to drive high demand levels that our customers can fulfill as they work through the challenges."

Mikes indicated that the company sees much less disruption among the many clients that already manufacture locally, such as those in the furniture, mattress, on-demand apparel and similar segments.

"That's not to say that domestic or hemispheric supply chains do not have their challenges, such as labor availability and costs, but those segments that manufacture locally appear to be recovering quicker," he said. "Seeing how these companies are dealing with and overcoming today's challenges is impressive. We believe that the value proposition for local manufacturing has come into focus over the past couple of years. It is still to be seen if this crisis will result in long-term change in how our industry sources and manufacturers product."

## **Jason Mills**

When it comes to the supply chain crisis, textile manufacturing all starts with the yarn, said Jason Mills LLC's President Michael Lavroff.

"When yarn deliveries are delayed the entire process gets set back weeks, even months," he said. "This has affected both domestic and international sources."



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

He called working with customers on supply a “mixed bag. We were advising our customers in late 2020 that there were issues in supply chain. Those that took our advice to order early had better outcomes than those who delayed,” he said.

Lavroff, whose company is based in Milltown, NJ, said that assuming there are no more COVID or other surprises, he expects that by the fourth quarter, some easing may be seen.

Looking ahead, the potential exists for the Made-in-America movement to gain steam, he noted.

“It all comes down to innovation, modernization – which are both taking place now – and cost,” he said. “If the US cannot achieve this, I believe we will see a resumption of massive reliance on imports – a quick look at the current record trade deficit shows that a heck of a lot has not changed.”

## **Minnesota Knitting Mills**

At Minnesota Knitting Mills, lead time, pricing and availability of raw materials have all been adversely affected, resulting in reduced ability to provide the needed products to its customers, said Britt Moore, Director of Sales/Customer Service. Everything from dyes to yarns to boxes have been affected, making all steps of production more difficult, he added.

“Most customers are understanding, and work with us on shortages as they are running into the same issues such as lack of raw materials and other supplies,” he said.

Although some progress has been seen in the last three or four months, Moore noted that he doesn’t see light at the end of the tunnel until mid-2022 at the earliest, and 2023 before any sort of “normalcy” will be seen. “It will be slow, incremental progress,” he said. “The recovery will take much longer than anyone wants. That being said, the improvements seen should improve the overall morale of the industry and markets, leading to more optimism and energy in the industry.

Looking forward, he pointed out that the US needs more infrastructure to make all types of textiles, and the whole of the business and consumer base in the US is now aware of it.

“To bring it back, US manufacturers will need to provide more services – complete package options – and the market will need to bear some higher pricing in many areas,” he said. “Time will also be needed to increase the infrastructure in the US, as labor will continue to drag on the economy through 2023.”



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

## MMI Textiles

The supply chain crisis has impacted MMI Textiles, Brooklyn, OH, similarly to how it has impacted everyone, with the lead times having increased dramatically, in some cases doubling or tripling, said Joshua Slack, Supply Chain Manager.

“The crisis has also forced many companies to increase prices on the vast majority of products, both import and domestic,” he said. “The ocean freight issues that we’ve seen at all of the ports, specifically in Los Angeles, has also altered how and if we are even able to bid on some business because we just can’t provide firm pricing when ocean freight changes so drastically from day to day. It is never a pleasant conversation when you have to both increase pricing for a customer as well as tell them that the lead times are increasing as well or that we can’t even provide.”

The crisis has put severe stress on all of MMI’s customers, Slack said, adding that’s it’s never pleasant to have to convey price and lead time increases.

“Customers are working on contracts that are firm in some cases and have their own deadlines to meet, and when the entire chain down to the nylon chips is in disarray, it causes a huge, unrelenting disruption all the way to the end consumer,” he said. “We are able to appease them first and foremost by the continued excellence in customer service that MMI is known for. This includes providing other options we have readily available that will fit end applications, increasing inventory positions when we can actually get inventory, as well as heavily pushing requests for blanket orders to lock in pricing as soon as possible. Thankfully, the crisis has been well documented and MMI being 100% transparent with our customers through the entire chain has helped manage expectations as everything changes from day to day.”

Asked his opinion on when the crisis may end, Slack said that the company receives weekly letters from various supply chain concerns in the industry, and they are not expecting any improvement until at least 2023. If anything, the company expects to see things get worse due to potential strikes of longshoremen at ports in the second quarter, he noted.

“I think this crisis just magnifies the light that has already been shining on the lack of US sourcing and manufacturing,” he said. “I think one of the only ways we will see improvements is with some sort of investment from government to incentivize or force such things such as expansion of the Berry Amendment. The other huge aspect of this crisis is labor and having a vastly untrained workforce where textiles are concerned. I don’t know the actual statistics, but there are not a lot of young people who can run a loom. We’ve continuously heard about how workers are not coming into work for this reason or that, and unfortunately, it’s not a simple process to find replacements for them as they are highly skilled.



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

“Lastly,” he concluded, “the only other way I think you will see an improvement in US manufacturing is for this same crisis to get much more severe. Ultimately the money drives everything, and US made products are still vastly more expensive than similar items from overseas.”

## **Prime Medical**

The supply chain did not impact Prime Medical’s business in the last couple of years, according to President Wayne Wilson.

“We had built up enough inventory to see us through the crises,” he said. “We also purchased enough US fabric and warehoused it to give us enough runway for several months while our supplier slowly gets back to where they can meet our needs. If we had not done that, we would probably be out of business.”

Prime Medical, whose tagline is “Proudly Made in the U.S.A and Made to be More™,” is the exclusive manufacturer of Bleach Safe Privacy Curtains and Bleach Safe Scrubs & Lab Coats.

Wilson said he can see the need to bring more manufacturing back to this hemisphere, as relying on foreign countries has demonstrated the high risk and cost to America.

“Hopefully, some US companies chasing cheap labor will wake up and realize it’s costing them more money across the board,” he said. “I feel that some companies are taking advantage and using this crisis to raise prices.”

The labor shortage, which has had an effect on supply chains, is a big issue, especially in his state of Florida, Wilson said.

“I don’t know if the government giveaways contributed, if COVID contributed, if low wages contributed or a combination of all,” he said. “I think we all need to step back and take a good look in the mirror and ask ourselves, ‘what could we do better to avoid another crisis?’”

## **TexTempo**

Being a software solution provider, Atlanta-based TexTempo has not been impacted directly by the supply chain challenges, said Greg Hathcox, Co-founder and Vice President of Sales. However, some of its clients have postponed investments in order to deal with the more urgent priorities of keeping business afloat, given supply chain constraints while posting record orders, he added.

“Almost every client has been affected, especially furniture customers that were affected by the foam shortage and textile/wood supply issues as well as components coming from Asia,” he



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

said. “We are working with our clients to optimize the resources they already have in place to ‘produce more with what you have.’”

Based on what he is seeing, some of the domestic supply chain crises are already tapering and most of our clients expect the supply chain crisis to end by summer, Hathcox reported.

He said this crisis, as well as the pandemic, have exposed the vulnerabilities the US manufacturing base has as they rely on foreign components and labor, and highlights the need to develop a stronger domestic supply base.

“We need US manufacturers to embrace advanced technology to optimize productivity, efficiency, quality and delivery times to be more competitive,” he said. “The US government could expand technology investment tax credits.”

Hathcox also noted that we need a long-term solution to aggressively support technical and vocational education as the industry faces a huge labor scarcity issue that will only worsen if not addressed. Manufacturers also need to provide working environments that will appeal to the new generation of employees that have different needs than the retiring Baby Boomers, he added.

### **Anonymous manufacturer**

A textile producer who wished to remain anonymous reported that the supply chain crisis has significantly affected all suppliers’ costs and lead times. In terms of cost, product costs have substantially increased due to raw material prices increases (i.e., cotton and polyester, with the latter’s prices increased more as of late).

In terms of freight, ocean freight and domestic freight have both increased, he said. Simultaneously, lead times have increased substantially, driven primarily by demand outstripping supply. There are bottlenecks at the port to unload containers, and then a shortage of chassis to deliver to the customer. Ocean freight may remain high into 2023, though “on a positive note it has stopped increasing,” he said. Lead times may begin to normalize in Q3 of 2022, he added.

“Suppliers have had to increase prices significantly since Q3 of 2021, and are trying to placate customers via rationing the limited incoming inventory as much as possible to strategic customers,” he said.

Asked for his prediction on when he sees the crisis abating, he said that ocean freight rates may not improve till 2023 and that cotton prices may begin to correct in the third quarter, though currently they continue to rise and are at their highest level in over a decade. Lead times may begin to normalize in the third quarter, he added.



THE ASSOCIATION & VOICE OF THE US SEWN PRODUCTS INDUSTRY

For a more hemispheric strategy to begin to take hold, customers have to be willing to pay higher prices for domestically manufactured products, he pointed out.

“I am dubious whether this consumer behavior will really change much,” he said. “Nothing short of government mandates and tariffs will bring significant manufacturing back. There is a natural evolution that economies follow – from agriculture to manufacturing to services, for instance – so it is difficult to reverse an economic trend that exists for fundamentally sound reasons.”