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Despite decline of U.S. textile industry, several county businesses keep thriving

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Black fabric that lines the insides of military helmets is manufactured and dyed in Pine Grove.

Women's tops on sales racks at Nordstrom department stores, including the one at King of Prussia Mall, are designed, knitted and stitched together in Orwigsburg.

Men's shirts in New York City display windows are assembled in Ashland.

There's still some fabric left in Schuylkill County's textile and apparel industry, and it's pretty strong stuff, said Walter C. Meck, chairman and chief executive officer of Fessler USA, Orwigsburg.

There are 11 textile/apparel factories in operation in Schuylkill County employing approximately 1,600, according to the Northeast Pennsylvania Manufacturers and Employers Association, Pottsville, the Schuylkill Economic Development Corp., Pottsville, and representatives of the individual mills.

They survived challenges including federal trade laws introduced in the 1990s, which led to the closing of about 30 factories in the county and the loss of 3,000 jobs between 1994 and 2006.

"Sounds like a fair representation of what's taken place," said Gerry L. Heffner, SEDCO vice president.

The greatest number of jobs lost at one facility was when J.E. Morgan Knitting Mills, Hometown, closed its manufacturing division in 2003 and cut 450. The most recent closing was December 2006, when Auburn Apparel Inc. shut down, idling 38.

According to local business representatives, area mills survived depending on their willingness to rethink their operations, find niche markets and improve technology.

"And apparently they found their niche as with other manufacturers in the United States and they are able to remain competitive," said Darlene J. Robbins, executive director of MAEA, a nonprofit organization that provides information and support services to help its member companies in Schuylkill, Carbon, Luzerne, Lackawanna and lower Northumberland counties.

A new approach

In Jan. 1, 1994, the United States, Mexico and Canada created the world's largest free trade area by signing the North American Free Trade Agreement.

"The government decided to provide economic support to developing countries. And they did that by exporting jobs rather than money," Meck said.

"We were able to compete with NAFTA," said Richard R. Rohrer, president of Classtex Knitting Mills, Orwigsburg. "But now with the global trade act (U.S.-Central America-Dominican Republic Free Trade Agreement) passed in 2005, we're competing with the whole world, most specifically China."

"The major trading partners are China, Mexico, Canada, Japan, Germany, France, United Kingdom, Taiwan and South Korea," Robbins said.

After the trade pacts were signed, companies took contracts away from local factories to take advantage of cheap labor in places such as China and Mexico.

"When something becomes a commodity, it goes overseas. It's labor rates," said Bart "Buddy" Biever, co-owner of Alpha Mills, Orwigsburg.

So to keep local sewing machines running, area industry leaders were forced to rethink their approach to business.

"I make a distinction between the old way of doing business and the new way," Meck said.

"The old way was family-style. You owned a company. You gave it to your kids. Kids ran it. Gave it to their kids. Their kids ran it. And it did not have professionally trained management, had no reinvestment in capital, had very

little use of technology," Meck said.

Meck's grandfather started Fessler USA in 1900. Meck was a partner with the accounting firm of Deloitte & Touche, Pittsburgh, an investment banker and chief financial officer of Mack Trucks before he returned to the family business in 1993.

"So we came in and said, 'This is not a tough industry.'" You've got to reinvest in the business. You've got to have trained managers, strong management. And you've got to compete where you can compete," Meck said.

Meck has restructured the apparel shop, added a computerized design division and today the 250-employee operation makes products for about 100 customers, including Nordstrom and Urban Outfitters.

Mills that survived put their emphasis on good customer service and making specialty products, Robbins said.

"They give them a quick delivery. They make a good product. It's not a big lot of production. They specialize more than anything else. They're able to sustain themselves that way," said Arnold Delin, executive director of Atlantic Apparel Contractors Association, Bath, Northampton County, and a former factory owner.

"So these apparel industries that continue to be competitive today have used either research and development or upgrading of technology that have helped them maintain the cutting edge in their market," Robbins said.

Finding the niche

When Meck reorganized Fessler USA, he rethought the company's products.

"We will never make Hanes T-shirts in the United States again. It's just not profitable," he said. "But we will make things like fashionable tees. We can adapt to changing market conditions. That's one of the reasons we've survived, because we've adapted."

In 2006, Fessler USA computerized the operation and added a department to specifically design fashion knit tops, and eventually hired technical designers like Holly A. Carnes and artists like Marilyn A. Lehman, both of Schuylkill Haven.

"We went for high value, where the value was not in the labor but in the fabric and the design. We went for niches that required quick turn," Meck said. "Today, stores are designed to have a new look in the store every two to three weeks. China has trouble with competing with fresh looks. We can design quickly, deliver quickly and help stores be more competitive in a niche."

Foreign competition forced Guilford Mills Inc. to also rethink its product line, said Brian S. Maroney, Guilford's Pine Grove site manager.

"From a manufacturing standpoint, it's just being able to survive in this environment as more and more (contracts) go to the Far East," Maroney said. "And we just continue to look at new avenues, look at new markets and try to break into those markets."

The former Gold Mills, which opened in the borough in the 1950s, was purchased in the mid-1980s by Guilford, based in North Carolina.

"We basically don't do apparel anymore. It was a business you couldn't make any money in in the United States. What happened was back in 2000 and 2001 our business was about two-thirds apparel and about one-third industrial fabrics. Our costs couldn't match even the prices the companies were buying the industrial fabrics at," Maroney said.

In 2001, Guilford Mills downsized and laid off 250 workers, reducing its apparel output to less than 10 percent. After filing for bankruptcy in 2002, Guilford reorganized. Today, there are approximately 225 employees.

Fabric weaved and dyed there is used to make curtains for brand names like Hunter Douglas Window Fashions Inc., Upper Saddle River, N.J.

"They'll give us the order for it and we'll make that order, whatever it is, maybe 10,000, 15,000 or 20,000 yards. We'll ship it to them and they'll actually make the curtain out of it," Maroney said.

Guilford fabrics are also turned into reverse osmosis filters, which desalinate sea water, and game table covers, graduation gowns, window fashions and casket inserts.

"The fabrics that we make are very technically specific," Maroney said. "Our customers have very stringent certifications on our fabrics. It makes the entry to market for competitors a lot harder than it would be to take your shirt and give it to somebody else and say 'make this for me' and 'OK, I'll make it for you and I'll make it for 10 cents cheaper.'

"When we change something in our process, it could take years to qualify. So part of our business basically relies on that certification," he said.

In Frackville, meanwhile, City Shirt Manufacturing, a division of Elbeco Inc., finds its niche in institutions, including local and state police forces and the U.S. Postal Service.

"We started doing uniforms for the United States Postal department in our plant two years ago. We had to make a lot of changes to put in this whole new line. So we adapted," said Joseph R. Boris, City Shirt's facility manager and corporate engineer. "We're very proud of that contract. We also started doing a knit line for the U.S. Postal Service. By us developing other areas, it keeps us more successful and growing."

But sometimes finding that niche can be a struggle.

In 2006, Classtex Knitting Mills was developing a line of camouflage men's and women's shirts for a potential customer.

"Once we got going with it, we developed it with this company. When they saw they could get it cheaper from China, they got it made over there," Rohrer said. "We had no forewarning of it,"

Other strategies

"How we survived is making a top-end shirt. That is the name of the game — quality and satisfy the customer," said Len Tarreto, chief operating officer and chief financial officer for Gitman & Co./IAG, Ashland, which manufactures shirts for Barney's, Saks Fifth Avenue and Burberry of London.

Meanwhile Classtex, which manufactures men's and boy's tees for wholesale and the military/outdoor surplus trade, survives by offering competitive rates.

"We've been trying to streamline prices as much as we could," Rohrer said. "I think we've been blessed with keeping it going this long. But it comes to a point where you wonder how cheap is cheap? You can only do it so far. If you're not making any money, then what's the point."

Another strategy Guilford uses to stay ahead in business is secrecy. The company is so protective of its products, it doesn't allow cameras into the mills.

But others, including Meck and Tarreto, don't have those reservations.

Future challenges

Taxes. Health benefits. Energy bills.

Operational expenses, or what Robbins called "structural costs," never make it easier.

"Three years ago, the increase in these structural costs was at 22.4 percent for manufacturers," Robbins said. "In just three years, it went to 31.7 percent, a 41.5 increase. And their profit margins are impacted. I don't know how much more they can go up. It makes it very, very difficult for them to compete."

"This year, our labor rates went up in Pennsylvania. That means everything across the board has to go up. On the same side of the coin, they went up for the major retailers, too. So what they expect you to do is knock off a point or two on your prices," Biever said.

"Until we get government help that's going to put some protection on our end of it, it makes it difficult to survive," he said.

"In our strategy, we're always looking at how we can do things better faster, and how we can take costs out," Maroney said. "As the market becomes even more price-driven, if we're cutting certain things that we do in waste, we take costs out through attrition."

Meck doesn't fear the future.

"I think what has been exported is gone. And what's here is here. And we'll remain, as long as you're willing to adapt and innovate, you can survive in any business," Meck said. "The apparel business is no more difficult than any other business in this country."

Looking ahead, Robbins said she has faith the industry will always have a place in the area.

"The United States, because of its work force, because of the loyalty to their customer base, I think the United States is going to remain competitive," she said. "And I believe that everybody in the U.S. has to understand anything that you touch or look upon has been made, has been manufactured. Without manufacturing, we would not have a successful economy."



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