

CALIFORNIA ApparelNews

THE VOICE OF THE INDUSTRY FOR 75 YEARS

\$3.99 VOLUME 76, NUMBER 10 APRIL 3, 2020 DOUBLE ISSUE

THE LIGHTER SIDE OF DENIM

Taking a brighter approach to the Spring/Summer 2020 collection of Unpublished denim, founding designer Ya-el Torbati created pieces that help generate a luminous glow.



DAN BUSTA

DENIM

Unpublished Unveils Spring/Summer 2020, Adding a Bright Outlook to the Season

Bringing luminous design to her new denim collection, designer Ya-el Torbati recently released the Spring/Summer 2020 denim collection for the Los Angeles brand **Unpublished**, which she founded in partnership with John Rhee of **The Group LA**. Relying on warm tones and season-appropriate cuts, this collection from Torbati seems lighter even as a few of the darker denim pieces bring life to fresh cuts in skirts and summer jumpsuits that blend primarily feminine characteristics with masculine touches. Additionally, the brand is offering new fabrications that allow the wearer greater freedom of movement.

"This season we also introduced two new denim fabrications we are really excited about. We have a new bi-stretch technology, garment-dye denim that allows for 360 degrees of stretch capability so basically you can do yoga in these jeans!" Torbati said. "We also brought in a new power-hold indigo denim that holds everything in just the right way and does not bag out at all wear after wear."

The collection affords a sense of comfort, yet there were challenges. Unpublished updated its e-commerce site, *unpublishedcollection.com*, with its second drop for the season and

remains active on **Instagram**, but it closed its warehouse on March 20 in observance of California's stay-at-home mandate. The move delayed April and May wholesale orders. It is Torbati's hope that the public follows rules that will help "flatten the curve," yet she is helping her beloved retailers.

"We are currently doing a social-media collab initiative with our wholesale accounts to support our retailers, many of which are small boutiques," she said. "We love our retailers, and it's important for us to be pushing for them as we all navigate through this crisis."—*Dorothy Crouch*

RETAIL

Retailers React to Coronavirus Pandemic by Shifting More Biz Online

By Andrew Asch *Retail Editor*

Stay-at-home orders to fight COVID-19 put a sudden stop to business at the thriving **Ladaire** pop-up shop at the **Americana at Brand** retail center in Glendale, Calif., when it closed March 15. But Lili Madanyan, founder of the Ladaire contemporary women's brand, has not stopped working.

Like hundreds of other boutique owners faced with the economy screeching to a halt, Madanyan has been improvising and developing new ways to drive sales to her company. As clients cannot visit her pop-up, she is bringing the pop-up to them.

"We're rolling out a virtual experience for our customers," Madanyan said. "It's the same experience in our store, just online."

On March 31, Madanyan started to produce virtual styl-

INSIDE

Where fashion gets down to businessSM



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INDUSTRY FOCUS: FINANCE

Conquering COVID-19 by Weathering the Impact of the Storm

By Dorothy Crouch *Managing Editor*

While brave medical professionals and emergency-service workers try to save lives, scientists work toward developing treatment options, and many professionals within the apparel industry are now creating personal protective equipment to shield those on the front lines fighting COVID-19, a world without the threat of the coronavirus might seem unimaginable. Yet preparing for the future is a key factor in regaining a sense of normalcy.

To guide our readers during this difficult time, we asked finance-industry experts, "What changes do you foresee in the United States apparel industry post COVID-19 in 12 months, three years and five years, and what steps do you think garment businesses can take to ensure they exist in this future that you envision?"

Major Retailers Furlough Employees

By Andrew Asch and Dorothy Crouch

Some of America's most prominent publicly traded retailers announced that they would furlough bricks-and-mortar employees as the economy has frozen due to stay-at-home orders to stop the spread of the coronavirus.

The legacy department store **Macy's Inc.** announced on March 30 that it would furlough most of its 125,000 employees beginning April 1. On March 17, the New York-headquartered retailer announced it would temporarily close its 775 Macy's, **Bloomingdale's**, **Bluemercury**, **Macy's Backstage**, **Bloomingdale's the Outlet** and **Market by Macy's** stores beginning March 18 in an effort to help contain the spread of the coronavirus, initially anticipating that stores would remain closed until March 31. In its March 30 press release, the company announced that its bricks-and-mortar stores would remain closed until they could reopen safely, but the digital side of the business would be operational.

Monday's announcement revealed that furloughed employees would receive neither salary nor hourly wage compensation, but participating workers would remain covered by their health benefits "at least through May." While employees who work at the director level and above would experience a payment reduction effective April 1, the company said it would continue its policy announced March 25 that stated chairman and Chief Executive Officer Jeff Gennette would not be compensated. On March 30, it announced that members of the board of directors also would receive no cash compensation.

On May 30, the San Francisco-headquartered specialty retailer **Gap Inc.** announced that it would furlough the majority of employees for its bricks-and-mortar stores in

America and Canada. It runs more than 2,780 stores under the nameplates of **Gap**, **Banana Republic**, **Old Navy**, **Athleta** and **Intermix**.

Sonia Syngal, Gap Inc.'s chief executive officer, said that the entire Gap leadership team would take a temporary pay cut. However, the sum of the pay cut was not disclosed.

"After taking the extraordinary measures of temporarily closing all of our company-owned stores in North America and Europe two weeks ago, we are now in a position where we must take deeper actions," she said. "Each decision, however difficult, has been made to ensure that we build toward a future where Gap Inc. can come out of this stronger—for our customers, our shareholders and, most importantly, our teams."

Gap Inc. set up an employee resource center where furloughed company workers could get leads on temporary retail jobs.

Recent plans for furloughing employees were also announced by major retailers including **J.C. Penney Company, Inc.**, **Ross Stores Inc.**, **Guess, Inc.**, **Neiman Marcus Group**, **Nordstrom Inc.**, **Tilly's Inc.** and **Kohl's Corp.**

The Irvine, Calif.-headquartered Tilly's furloughed all non-management store associates and some of its corporate office staff, according to a March 27 statement. It also furloughed staff working in its distribution center in Irvine; however, Tilly's e-commerce staff continues to operate on split shifts. Hezy Shaked, Tilly's executive chairman and chief strategy officer, said that he would forgo his salary. Ed Thomas, Tilly's president and CEO, will forgo his salary during April and will join his company's management team in taking a temporary pay cut.

Kohl's CEO Michelle Gass said that she'd work without salary when her company's re-

tail employees are furloughed. However, the company is still delivering goods through its digital channels. It also announced that it would introduce a curbside pickup service at a majority of Kohl's stores starting April 2.

According to the United States Department of Labor report on weekly claims that was issued April 2, the advance figure for seasonally adjusted initial claims during the week ending March 28 was 6,648,000, which is an increase of 3,341,000 from the previous week's level. In California, the state's Employment Development Department reported 878,727 unemployment-insurance claims for the week ending March 28. Claims for the week ending March 21 were reported at 186,333. According to Dominica Anderson, partner and team lead for fashion, retail and consumer-branded products at law firm **Duane Morris LLP**, much uncertainty remains regarding the future of brands in the apparel industry.

"When you look at the financial impact, I've read that reports show some companies are self-reporting that they may take up to a 15 percent hit, others are speculating they will have an 85 percent reduction in profit. Those are pretty big swings," she said. "In the near future, we're going to see a larger number of the unemployment applicants from the fashion industry." ●

President Signs \$2 Trillion COVID-19 Stimulus Package

President Donald Trump signed into law a \$2 trillion stimulus bill on March 27 in response to the impact of COVID-19.

The bill, named the Coronavirus Aid, Relief and Economic Security—or CARES—Act, is the biggest stimulus bill in U.S. history. It is anticipated to soften the harsh impact of the sudden shutdown of the U.S. economy due to stay-at-home orders from state and local governments.

The U.S. House of Representatives approved the bill on March 27.

The Senate voted 96-0 to pass the bill on March 25. This stimulus package is a matter of survival, said Matthew Shay, president and chief executive officer of the **National Retail Federation**, a Washington D.C.-based trade group.

"Retailers are encouraged by the House's quick passage of the CARES Act, which will provide critical financial relief for American workers, families and small businesses impacted by the coronavirus outbreak. This unprecedented time requires extraordinary measures," Shay said. "The economic-relief package provides a crucial bridge for the millions of American retail businesses and the retail jobs that will help support the U.S. economy through this challenging time."

As part of the package, the U.S. Treasury Department will be able to provide \$500 billion in loans, loan guarantees and investments to businesses ranging from airlines to mid-sized businesses, which are defined as employing 500 to 10,000 employees. The Small Business Administration is anticipated to have \$350 billion in loans to distribute to small businesses. Unemployed workers could get an extra \$600 a week for four months on top of state benefits.

The bill will also give benefits to people who are not fully employed, people who are unemployed because of the fallout from the pandemic, and those who haven't qualified for unemployment insurance in the past such as independent contractors and gig-economy workers. It creates a \$100-billion public-health and social-emergency fund for expenses and lost revenues related to the coronavirus pandemic. About \$65 billion will go to hospitals, with the rest funneled to doctors, nurses, suppliers and others.—Andrew Asch

Inside the Industry

BLDWN, a premium-denim and contemporary brand, announced that it would shutter due to the Coronavirus pandemic's economic freeze, according to Jessica Debrececi, the brand's director of public relations. "We worked so extremely hard to make this brand successful, and I do believe we had a lot of wins. Unfortunately, the investors decided it was time to shut it down," she wrote in a March 25 email. The company was scheduled to file Chapter 7 bankruptcy and liquidate its assets, according to media reports. BLDWN had a 2009 debut with the brand name Baldwin, the namesake of founders Matt and Emily Baldwin in the couple's hometown of Kansas City, Mo. It later opened company offices in Los Angeles, changed the spelling of its name and expanded into designing contemporary styles. In 2013, *GQ* magazine named Matt Baldwin among that year's class of best new menswear designers. In 2015, the brand was a finalist in the CFDA/Vogue Fashion Fund competition. BLDWN also ran a string of flagships including a location in the designer district Melrose Place in West Hollywood, Calif.

Capri Holdings, the parent brand of Versace, Jimmy Choo and Michael Kors, announced April 1 that Capri's brands and their founders would donate some \$3 million to support COVID-19 relief efforts. Versace is donating \$500,000 to support relief efforts in Milan. The brand had also donated 1 million euros to support the Chinese Red Cross Foundation in February. John Idol, Capri's chairman and chief executive officer, and Michael Kors, founder of his namesake brand, will donate an additional \$1 million, according to a Capri statement.

Tencel manufactures sustainably produced lyocell and Modal fibers. The Austria-headquartered company recently announced a 2020 Earth Month campaign in which it joined with more than 20 brand partners to produce a social-media initiative on environmental responsibility. Each day during the upcoming month, Tencel will spotlight one brand in the campaign and what it is doing to support environmental sustainability. Brands participating in this campaign include Patagonia, West Elm, Eileen Fisher, Lucky Brand, Mara Hoffman and MeUndies.

Coyuchi, the apparel and home-goods brand headquartered in the San Francisco Bay Area, announced that it plans to release its first 100 percent recycled blanket for the 2020 holiday season. The sustainable luxury-textiles and apparel company aims for all of its products to be recycled. In 2017, Coyuchi became the first homewares brand to partner with the Renewal Workshop, headquartered in Cascade Locks, Ore., which advises brands on making their operations sustainable and also repairs and resells brand-name clothing. Since then, Coyuchi has introduced two programs to return its used products for recycling and hopes to eventually expand its recycled manufacturing into its apparel.

International Market Centers, the parent company of the AmericasMart, based in Atlanta, as well as the High Point Market, based in North Carolina, and the Las Vegas Market, recently announced Toni Parsons as its key account manager. Parsons will focus on Atlanta Apparel's key accounts and co-op marketing. Parsons is scheduled to work her first Atlanta Apparel in her new role at the June 10–13 market at the AmericasMart.



Apparel Manufacturers Mobilized by Government to Fight Coronavirus

By Andrew Asch Retail Editor

As the COVID-19 pandemic progresses, government agencies and apparel manufacturers have started working together to compensate for a shortfall in personal protective equipment such as face masks and hospital gowns.

On March 27, Los Angeles Mayor Eric Garcetti announced a new public/private partnership named **L.A. Protects** to engage manufacturers in the creation of protective gear, he said.

“Our manufacturing sector is unmatched anywhere, and the ingenuity of working people will help us get through this emergency,” he said. “L.A. Protects will save people and save jobs.”

L.A. Protects is working with the sustainable brand **Reformation** and healthcare provider **Kaiser Permanente** to make 5 million nonmedical masks for those who need protection such as grocery-store workers and nonmedical staff in hospitals. Reformation will monitor mask production to maintain quality assurance. The City of Los Angeles will match approved manufacturers with industries in need of masks, Yael Aflalo, founder and chief executive officer of Reformation, said.

When alarms were raised about the coronavirus in the United States early in March, independent fashion designers and brands volunteered to make personal protective equipment for the public in addition to nonmedical workers and first responders working around those infected with the coronavirus. Other California manufacturers have rebooted their operations to make protective gear and have been working with governmental groups separate from the City of Los Angeles.

American Giant, headquartered in San Francisco, repurposed its manufacturing facilities in North Carolina to make medical masks that have been certified by the U.S. Department of Health and Human Services, said Bayard Winthrop, the founder and president of American Giant.

Scott Wilson of **Tour Image** dba **Ustrive Manufacturing** has been in contact with the California governor’s office as well as Los Angeles representatives of the mayor and San Diego County to make personal protective equipment.

In addition to his work with government agencies, Wilson

has been working with Kaiser Permanente to make surgical masks for the healthcare provider. On March 26 he received purchase orders to make surgical and nonsurgical masks. He declined to state the terms of the deal, which will last a minimum of four to six weeks, but he did say that his facility was responsible for making 250,000 masks daily. Kaiser executives helped his company get U.S. Food and Drug Administration approval to make surgical face masks.

“Kaiser Permanente did a fantastic job,” Wilson said. “They pulled this all off in one week. They responded to getting us set up and getting approvals from the FDA in light speed.”

Kaiser Permanente contacted Ustrive earlier this month because it was looking for factories with high standards of safety and cleanliness, Wilson said. The Los Angeles-based Ustrive factory typically makes knitwear and received certifications from the **Global Organic Textile Standard** and **Organic Content Standard** in November. GOTS is the leading standard for certifying textiles made from organic fibers.

Due to the pandemic, the Ustrive factory had to follow stricter guidelines to keep workers safe. Before the pandemic, the factory’s 300 employees worked at stations that were an estimated three feet away from each other. Now workers are required to be stationed at least six feet away from each other. The reformatting of the factory floor has caused a drop in production capacity, Wilson said.

“It’s a lot of adjustment. We’re happy to do it. We got to keep workers healthy. If I lose one worker, I could potentially lose six at one time or even have to close,” he explained about the risks of the pandemic’s possible spread.

Kaiser sources and distributes to its manufacturing partners a medical-grade fabric made out of a woven, two-ply, bonded-wrap material for surgical masks. The fabric is manufactured in Asia, Wilson said. For other fabrics and materials, Ustrive is required to conduct its own sourcing. The market is getting tough. Demand for some materials has skyrocketed, Wilson said. For example, elastic, non-latex bands used to go over ears to fasten surgical masks are becoming hard to get. Prices for some mask components have doubled, he said.

Apparel-business veteran Alex Berenson got involved with a startup that is working to tackle the crisis. On March 22 he

was named to helm the **DMS Coalition**, a Los Angeles-area company organizing manufacturers to work with the government to produce, distribute and wholesale washable, reusable masks; isolation gowns; sanitizers; face shields and a number of other protective items. Berenson said that there is a silver lining to mobilizing factories to make protective gear.

“There’s a global shortage [of personal protective equipment],” he said. “We’re trying to be the domestic solution. We’re going to be hiring sewers now at factories repurposed for PPE. We’re putting people back to work rather than having them sit at home.”

Berenson said that there had been talks with **Los Angeles Apparel** to work with the DMS Coalition. Dov Charney of Los Angeles Apparel confirmed the talks. Charney said that his facility has devoted 500 sewing machines to making masks. He forecasts that his label will remain in the mask-production business after this crisis is over. “We’ll always need masks,” he said.

The crisis could have long-lasting effects on domestic manufacturing. Wilson said it might be crucial for national safety to manufacture more medical supplies domestically. “There will be a shift. I think it will bring back work more so than anything in the past.”

Manufacturing nonsurgical face masks has completely replaced making apparel for some manufacturers. Almost all of the private-label orders that Mario De La Torre was working on in his downtown Los Angeles workshop dried up in early March due to the pandemic’s economic freeze.

De La Torre, with his business partner and wife Yvette Smith, had to scramble to find work. One of their friends who worked in hospital administration suggested making face masks. They later found connections who could supply materials for face masks such as **3M** fabrics, he said. De La Torre designed some masks and worked with sewers who made the masks remotely.

Currently De La Torre has been donating masks to friends and people working with the public such as grocery workers and the police. He hopes to cover his costs and break even with production of 800 masks. It’s helped him stay active.

“I had to do something about this,” he said. “It’s not even about us anymore. It’s about the cause.” ●

RETAIL

Retail *Continued from page 1*

ing sessions and trunk shows. She is streaming them on **YouTube**; through her company’s **Instagram** profile, @ladiare-official; and the company’s website, ladaire.com.

She and some members of her staff model Ladaire looks. Personal styling sessions for individual customers are available through **Zoom** and live chats online.

Various social-media influencers have volunteered to help Ladaire. These bloggers send pictures of themselves modeling Ladaire, which Madanyan has used to freshen her social-media sites.

To help drive business, Ladaire also is offering a 25 percent sale, Madanyan said.

“I don’t believe in discounting product. But it is a tough time now. So many are feeling uncertain about things. But they can feel good about this,” she said. A portion of the proceeds generated will be donated to the **Glendale Fire Department** and Los Angeles County healthcare providers.

Stay-at-home orders have helped certain digital retailers. The San Jose, Calif.-based e-bridal boutique **Azazie** said that its orders doubled because its customers can’t travel to a physical store. The e-retailer runs a try-at-home program through which samples are delivered to a residence, said Ranu Coleman, the company’s chief marketing officer. It also offers a virtual showroom where bridal parties use the Azazie application and website to view different gowns.

Immense challenges stemming from stay-at-home orders have been faced by businesses that require a customer’s personal presence, such as bespoke tailoring, said Alan Au, vice president and co-designer of the Sherman Oaks, Calif.-headquartered **Jimmy Au’s for Men 5’8” and Under**. Founded in 1961, the company carved a niche for suiting and sportswear for men of shorter stature whose sizes mainstream apparel labels don’t offer, he said.

“We’re a concierge business. We’re about service. When visitors are in town, we’ll deliver to a hotel or expedite alterations,” Au said. “We offer styling assistance to help men put looks together to make them feel confident. We do fittings at the store. It’s hard to do fittings when you can’t see someone in person. Maybe we’ll start doing fittings over **Skype** and **FaceTime**.”



Ladaire pop-up shop at the Americana at Brand

About half of the company’s clients visit from outside of Southern California. Au noticed that out-of-region travel started declining in February. As companies started to close voluntarily, he and his staff were going to shift the store’s business to being appointment only.

When state and local governments issued stay-at-home orders, Au sent his staff home. But he continued to work with his store’s master tailor, who was able to operate remotely. He has been taking orders through email and over the telephone, but it’s tough to give the same service if the clients can’t visit, so the company is selling more ready-to-wear online.

“We’re selling the softest denim, sweaters, T-shirts, polos and Henleys—cozy and comfortable things to wear around the house,” Au said. “That seems to be the logical thing to do.”

When California Gov. Gavin Newsom issued a March 19 order to stay at home and shut nonessential stores, Paige Mycoskie, founder and president of the Los Angeles-headquartered **Aviator Nation**, panicked about paying her employees. Prior to the pandemic, Mycoskie spent 18 months opening new bricks-and-mortar stores for her label, which includes 13 shops. After Newsom announced his order to close nonessential shops, Mycoskie and her staff brainstormed and produced a March 20 flash sale to support the payroll.

Email blasts and social-media messages were sent to the brand’s customers saying that this would not be an ordinary flash sale. All sales proceeds would go to supporting staff during the shutdown. Revenue from the flash sale was \$1 million, she said.

“We got messages saying that ‘I didn’t need a T-shirt, but I bought three.’ We took something awful and made something positive,” Mycoskie said. “People were glad that they could help out. We have to get creative and think outside the box and do what we can to take care of employees. People don’t have to give up.”

The increasing importance of digital commerce has become clear through this crisis. For those retailers who don’t have a strong digital platform, this is the time to build, said Syama Meagher of the Los Angeles-headquartered **Scaling Retail** consultancy.

“We’re counseling clients that they are not going to be able to launch e-commerce overnight. The average time to build an e-commerce store is two to three months,” Meagher said. “If you already have an e-commerce platform, this is the time to shift strategies to double down on community engagement. Make sure that you have activity on **Instagram Live**.”

While selling to customers is important, Meagher also mentioned the importance of relaying a sense of caring and maintaining a human touch within electronic correspondence during this sensitive time. She recommended companies include communications from CEOs as well as suggestions of things to do during the shutdown.

“Connect to consumers through newsletters and through emphatic communications,” she explained. “I’ve seen too many brands sending out emails not addressing the cultural climate. They are losing their customer base because they are not addressing it.” ●

Earlier Dates Secured for Rescheduled Techtextil North America and Texprocess Americas

Event producer **Messe Frankfurt**'s Atlanta-based subsidiary, **Messe Frankfurt North America**, announced earlier this month that its sibling technical-textile and equipment trade shows **Techtextil North America** and **Texprocess Americas** would be postponed until December due to concerns surrounding COVID-19. Originally scheduled for May 12–14 at the **Georgia World Congress Center**, the events will now be hosted at the Atlanta exposition site Oct. 1–3. While the show had originally been postponed until December, show director Kristy Meade notified event exhibitors on March 27 that the production team was able to book the earlier dates.

"Although not ideal, the [December] dates provided were the only viable option

at the time of our postponement inquiry to the Georgia World Congress Center," she said. "However, we shared the concerns of many of our exhibiting and visiting companies regarding the holidays and year-end processes, and after tireless communication between our team and those at the GWCC we have been able to secure the new dates of October 1–3, 2020, for Techtextil North America and Texprocess Americas. The new dates are more suitable for both local and international exhibitors."

The show producer will continue to accept registrations at this time and has extended the advanced pricing deadline until Sept. 1. Existing registrations will be honored for the new dates.—*Dorothy Crouch*

Kingpins Launches Kingpins24; PI Apparel and FMNC Canceled

Navigating through the effects COVID-19 has had on the apparel industry, trade-show producers have been left with few options—postpone, cancel or start being a bit creative.

One of the largest signs of the severity the coronavirus pandemic has had on the apparel industry was apparent when the denim category's most-anticipated event of the year, **Kingpins**, announced on March 10 that it would cancel its April 2020 Amsterdam edition following the show producer's February decision to not host its Hong Kong installment, scheduled for May 13–14.

On March 24, organizers announced that in place of the April 22–23 Amsterdam edition at **SugarCity**, a new denim event would be held online on those dates. Named **Kingpins24**, the new edition will stream online, going live at 9 a.m. CET on the first day.

"We, as a whole, are resilient, resourceful and optimistic," Kingpins founder Andrew Olah said. "When one door closes, another opens. We believe Kingpins24 can give our global industry a chance to connect and share information. We have no other desire but to be a conduit for the denim world during these difficult times when most of us, including me, are at home far away from our normal world."

In a press release, Kingpins noted that this event would "not take the place of a Kingpins trade show." The premise of this fresh offering is to present supply-chain trends for the denim category's Fall/Winter 2021 season through line presentations, discussions surrounding sustainability and updates regarding corporate social responsibility. Additionally, Olah will be joined by industry experts as Kingpins24 hosts panels and interviews.

MarketKey's PI Apparel brand of global events, which focus on the technological advancements within the garment industry, has also revised its schedule for 2020. PI Apparel's New York City event, originally scheduled for June 2–3, will now take place Nov. 9–10. The show's international calendar also



Kingpins show

shifted to a schedule that now features shows in Hong Kong Sept. 15–16, Amsterdam Oct. 19–20, New York Nov. 9–10 and Ho Chi Minh City Dec. 1–2. **Supply Chain Forum** dates for New York were announced as Oct. 1–2, while the Amsterdam installment will be held Nov. 2–3.

In an email sent on March 21, **Fashion Market Northern California** show organizers announced that its April 19–21 event, which was scheduled to take place at the **San Mateo County Event Center** in San Mateo, Calif., would be canceled.

"The health [and] wellness of our buyers, exhibitors, staff and community are of the utmost importance to us," the email read. "We know any disruption to business is difficult for all, and we hope that this situation is remedied shortly and that everyone stays healthy."

The email also included dates for the next Fashion Market Northern California, which is scheduled to take place June 28–30.—*D.C.*

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Finance *Continued from page 1*

Darrin Beer, Western Regional Manager, Commercial Services, CIT

Until stay-at-home measures are lifted and retailers reopen physical stores, the apparel industry must focus on the need to manage expenses and vendor payments while preserving cash. It's always prudent to be in constant contact with your factor and trusted advisers for up-to-date industry and retailer news.

The value of a secure and sound bank lender is particularly clear in times of uncertainty and disruption like this. When we understand our clients and their businesses well, we're able to work with them as they adjust to fast-changing market conditions now and in the future. For example, we recently assisted a furniture client and an apparel client as they leveraged their supply chains to pivot to sales of protective medical masks in light of the current pandemic. This kind of agility, which supports the community and helps keep people working, will become increasingly important in this industry for the foreseeable future.

Mark Bienstock, Managing Director, Express Trade Capital

The apparel industry at both the wholesale and retail levels will never be the same post COVID-19. We will begin to see a shakeout of the weaker manufacturers and retailers. The move toward online sales with an inventory-fulfillment component will be more prevalent than ever.

Many companies across the apparel spectrum will receive some form of financial aid from the SBA as well as the state and local authorities. The key question regarding this assistance is the time frame. Many organizations have already been dealt a significant blow to their overall operations and balance sheets. Those entities that were diversified in the sourcing and product-related channels previously will have a better chance to survive this event and succeed in the future. The focus will be obvious at retail after the virus is quashed. Many retailers will begin providing shelf space for home and essential products in order to avoid a future concentration related to any one product. A very appropriate adage, "survival of the fittest," will be the basis for the future of the apparel industry in no uncertain terms.

Sydnee Breuer, Executive Vice President, Western Region Manager, Rosenthal & Rosenthal of California

If your business wasn't already heavily invested in e-commerce, then building out a direct-to-consumer infrastructure should be top of mind right now. Enhancing product availability online—and ensuring that those products match current consumer demand and need—is also critical. With most of the country now working from home, the demand for athleisure and loungewear has never been greater.

The aggressive stay-at-home and work-from-home directives



Darrin Beer, Western Regional Manager, Commercial Services, CIT



Mark Bienstock, Managing Director, Express Trade Capital



Sydnee Breuer, Executive Vice President, Western Region Manager, Rosenthal & Rosenthal of California



Scott Carpenter, President of Retail Solutions of the Great American Group, B. Riley Financial



Gino Clark, Executive Vice President, Managing Director, Originations, White Oak Commercial Finance, LLC

of them, unfortunately, being temporarily furloughed due to store closures and declining business, it is imperative that business owners evaluate every detail and line item on their profit-and-loss right now.

In the coming weeks and months, executives will be making the hard but necessary decisions needed to sustain them for the long term. We will see significant changes being made to nearly every aspect of the business: Standard business practices will be reimagined, product offerings will be remixed to cater to changing

and the forced closings of all nonessential businesses and retail stores have dramatically changed working environments in the apparel industry and beyond. With most of the industry's employees now working from home or, with some

consumer needs, the entire wholesale-distribution model will need to be rebuilt, staffing needs will significantly change, and so will our needs for high-rent office and retail space.

➔ Finance page 6

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INDUSTRY FOCUS: FINANCE

Finance *Continued from page 5*

During this period of instability and unprecedented change, it is also important to recognize the silver linings popping up all around us in the apparel sector and beyond. Competitors are becoming collaborators, and companies are rallying together to do whatever they can to stop the spread and keep our communities safe. I'm hopeful that this realignment of business and personal priorities is something that continues in the next 12 months, three years and for many years to come.

Scott Carpenter, President of Retail Solutions of the Great American Group, B. Riley Financial

It's difficult to speculate on what happens three and five years out. For the next 12 months, I'd say the biggest issue is getting the merchandise mix back in sync. All the spring product will not be sold, and winter goods may not have been cleared out. Summer goods that should be arriving now may not make it in for the summer season. My advice for survival would be to focus on a strategy for getting the season mix right for next year and Q4 of this year. Those that can do that will be well positioned for when this environment changes back to some level of normalcy.

Demand and supply chain will be the hardest to predict. We are currently going through a dynamic and hastened shift in the way and what the consumer may buy. This will be difficult for a fashion apparel buyer to align with in the short term. Spring and summer will be disrupted from both a supply-chain and demand perspective—it will be choppy. Back-to-school and the holiday supply chain should normalize, but demand will be difficult to predict. Other considerations include



Joshua Goodhart,
Executive Vice
President, National
Sales Manager,
Merchant Financial
Group



Rob Greenspan,
President, Chief
Executive, Greenspan
Consult, Inc.

apparel companies will qualify for the newly created SBA-sponsored Payroll Protection Program, which will provide forgivable loans to companies with less than 500 employees.

As for the future, we expect to see productivity gains and improved inventory management in response to a changed retail market. We will also continue to see companies expanding their supply chain while accelerating the reduction of their reliance on China.

In the long run, I think manufacturing countries south of the border, especially Mexico, will have an opportunity to benefit from this supply-chain shift.

As we all know, retailers concentrated in a traditional bricks-and-mortar business model have been losing ground to those that have aggressively expanded into online sales, and the current crisis is accelerating this trend.

Weaker retailers, especially those with heavily embedded leases and occupancy costs, will have difficulty surviving; however, the retail shakeout will improve long-term market stability. We see those retailers with a strategic mix of select retail locations and a robust online presence as long-term successes.

Joshua Goodhart, Executive Vice President and National Sales Manager, Merchant Financial Group

First and most importantly, we at Merchant Financial Group hope that everyone is staying safe and healthy during this difficult time.

Cut any unnecessary costs. Reach out to suppliers in order to try to work out extended terms or negotiate a delayed-payment plan with them to ease some pressure. It is imperative to stay in active communication with retail partners so there are no surprises.

Having a good finance partner who understands your needs is extremely important. There are a bunch of governmental aid programs that could be a benefit to help with additional financial support during this time. Our Merchant team has made it our number-one goal to be involved and give guidance to our clients and to help in any way we can.

There is no doubt that the apparel business is going to change. Apparel wholesalers and retailers are going to need to have a direct-to-consumer platform in place. Right now, direct to consumer has become the premier way to shop. We think that this trend will continue even after this pandemic is over.

Wholesalers that are smart and have solid production, retail and financial partners will be very successful when this crisis is over and for years to come. We also believe there will be some interesting mergers-and-acquisitions opportunities.

In the future, we will see many businesses invest in systems to handle operations remotely. Manufacturers have to be completely prepared for any possible unforeseen problems that might occur. We believe that dealing with this pandemic now will make business owners smarter and more prepared for the future. Ultimately, we feel the apparel

“Reach out to suppliers in order to try to work out extended terms or negotiate a delayed-payment plan. It is imperative to stay in active communication with retail partners so there are no surprises.”

—JOSHUA GOODHART, EXECUTIVE VICE PRESIDENT AND NATIONAL SALES MANAGER, MERCHANT FINANCIAL GROUP

demand related to a shift in buying patterns by location—online versus enclosed mall versus strip centers—and demand related to product categories—luxury versus everyday apparel.

In the long term, demand uncertainty and disruption will also be impacted by the recent rise in unemployment. A new dress or pair of shoes may be lower on the list of things to buy for those who have to prioritize where to spend.

Gino Clark, Executive Vice President, Managing Director of Originations, White Oak Commercial Finance, LLC

I would like to recognize the apparel industry for being the first to take initiative and offer to make masks and gowns for our nation's healthcare workers. In the near term, an apparel company's emphasis should be on managing liquidity while maintaining critical employees, customers and suppliers. As the old saying goes, “cash is king.”

We encourage all companies to explore and take full advantage of all loan assistance programs offered by the SBA as well as economic relief programs offered by their state and local governments. We believe that most



Robert Meyers
President, Republic
Business Credit, LLC



David M. Reza, Senior
Vice President Western
Region, Milberg
Factors, Inc.

obstacles our industry is experiencing at the moment, we have extreme confidence in the resilience and perseverance of our industry.

Whether it has been depressions, recessions, port strikes or earthquakes, our industry has always found a way through by continuing to innovate and reinvent themselves. We have seen a tremendous short-term surge in face masks and other essential medical supplies. We have also seen a shift into serving the grocery, logistics and working-from-home constituencies in recent weeks. I don't know what the apparel industry will look like in three or five years, but I know the entrepreneurs in the space will thrive, innovate and run through whatever obstacles get in their way. Good luck to all of our friends and partners during this storm. As they say, "this too shall pass."

David M. Reza, Senior Vice President Western Region, Milberg Factors, Inc.

As this issue goes to press, we are still in the throes of the COVID-19 crisis, and the amount of infections, deaths and pressure on our first responders and healthcare providers has not yet peaked. On behalf of all of us at Milberg Factors we would like to extend our hopes that everyone in the extended apparel and textile communities is safe and healthy.

Unemployment nationwide will reach 15 to 20 percent according to some forecasts. It will probably be much higher in the apparel and textile industries. There has already been and will be a significant reduction in apparel/textile-related jobs both here and in producing areas such as Asia. As business picks back up, some will find that their jobs have been permanently eliminated.

When this crisis passes, there may be a temporary bump in bricks-and-mortar sales as people emerge from lockdown to both socialize and shop, but the trend to e-commerce will continue at a faster pace. On a more micro scale, those companies that were financially distressed pre-pandemic may not be able to weather the months of lost revenues.

With fewer retailers and potentially a 25 to 40 percent loss of revenue in 2020, apparel/textile companies will have to evaluate every aspect of their business.

When business ramps back up, companies will have to approach staffing and rehiring with a sense of caution. Often companies who have to reduce staff in a downturn find that they can manage the same level or even grow operations with fewer people when the environment improves. Inventory buys should be done based on specific orders or replenishment programs with speculative purchasing being eschewed. Allow for extra time to source goods as offshore vendors will have laid off their employees or closed down.

Kevin Sullivan, Executive Vice President, Western Region Manager, Wells Fargo

These are obviously unprecedented times that will require unprecedented measures. The first and most important step is making sure that everyone's families and loved ones are doing all that they can to remain safe. Apparel companies will next need to assess what their critical monthly expenses are and ensure that those expenses can be met to get the company through a period where many customers are closed.

Most estimates would seem to indicate that we may be looking at closer to the end of May before companies can begin to reopen, but, clearly, no one really knows what the true timeline will be. Once a company has ascertained what their critical monthly expenses are, they need to work with their lender in presenting a cash-flow model that illustrates what those critical expenses will be.

In the short term, we believe that consumer demand in the back half of the year may be somewhat reduced, but much of that is depen-

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community will be better positioned to deal with problems and hopefully be more profitable than they ever have been before.

Rob Greenspan, President and Chief Executive, Greenspan Consult, Inc.

As I write this, I am hopeful and optimistic that over the next few months the virus will have been contained and under some form of control where we can all get back to the new normal life that we will be living in.

Over the next 12 months, the manufacturers and importers will need to review their operational structure to develop contingency plans should the situation arise. Companies should develop plans that allow employees to quickly move from working at their respective offices to working from home at almost a moment's notice.

The fallout of retailers will have a direct impact on the survival of the manufacturer or importer. Look closely at your major customers and, if you have an economic dependence upon them, think about how you can possibly diversify.

**"Whether it has been
depressions, recessions, port
strikes or earthquakes, our
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way through by continuing
to innovate and reinvent
themselves."**

**—ROBERT MEYERS, PRESIDENT,
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The same is true for your trade suppliers. Don't be dependent on any one major source of production or revenue. If they can't survive a crisis, how will you be able to survive without them in business?

Over the next three to five years, apparel companies need to develop better risk-management and contingency plans. Those plans should include being able to have all of the company's technology able to work remotely; employee plans for those you need to work full-time and those whose time might be limited to part-time or less; adequate insurance coverage, if available, to offset future losses; and of course alternative suppliers of product.

Lastly, and especially in times of crisis, stay as liquid as you can so you are not dependent on the actions and decisions of your lender. Have enough equity and liquidity in your company so you have financial control and are not subject to the decisions of someone else.

Robert Meyers, President, Republic Business Credit, LLC

Republic feels a tremendous amount of pride, compassion and empathy for the apparel industry going through this current period. Throughout all of the challenges and



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Finance

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dent upon whether companies opt to hire back employees who have been displaced. In the long term, we certainly believe that direct-to-consumer models will continue to gain traction as the consumer becomes more accustomed to ordering product online. There will certainly remain a strong place for bricks-and-mortar retail within the marketplace, but we do believe that companies who can service both channels will continue to prosper.

Finally, it will be interesting to see whether companies begin to rethink globalization strategies. There is some chance that we may see some production begin to reemerge in the U.S., but that will still be heavily dependent on the ability to produce product in a cost-competitive manner for a consumer who will likely be very price sensitive as we emerge from this.

Ken Wengrod, Co-founder/President, FTC Commercial Corp.

The biggest change will be mindset. Learning to live with less. COVID-19 will alter the manufacturers' and consumers' way of thinking. From days of consumption to purchasing for necessity will eventually transition to a mindset of "because I want to" post COVID-19.

Instead of focusing on their image and appearance, consumers are obsessed with their cash and credit availability. Having essential items available is critical because they have to, "for safety." Spending their money on nonessential purchases is a luxury they're not thinking about.

Navigating the reality of the world we are living in takes a lot of fortitude and resilience. COVID-19 will condition consumers to be prepared when another wave or virus hits, triggering them to conserve their cash



Kevin Sullivan,
Executive Vice President,
Western Region Manager,
Wells Fargo

Ken Wengrod,
Co-founder/President,
FTC Commercial Corp.

and credit, *because they want to*. Acceptance of a virtual world marketplace with the Internet giving them vision across the globe will be another change to come.

Manufacturers need to take note of the shift in consumers' mindset based on the manner in which they are shopping. Technological ease and user-friendly experiences will be key. It's likely this change in mindset could last for a long period of time. Five years is not out of the question.

Manufacturers should run their operations as a lean machine with low overhead. Utilizing appropriate software, such as cloud-based systems and 3-D design-and-merchandising applications to run businesses remotely as part of a disaster plan, is crucial.

Focus on supply chain. Keeping production close to home will in turn reduce idle time for shipping and logistics. Finally, less emphasis on manufacturing costs and more energy needs to be spent on the ability to reduce unnecessary overhead, size/location of their premises, staffing, reduction of excess inventory and sampling. ●



NINA HAWKINS



Found Los Angeles Uses Cleaner Resources to Grow Local Sustainable-Apparel Mission

With extensive fashion-industry careers, Cinzia Simone and Irene Kim have created a brand that they are building at a slower pace than the fast-fashion norms that were formerly dominating the industry. Simone's experience includes **Guess USA**, while Kim is part of the fashion agency **WHouseLA**.

Through their new venture, **Found Los Angeles**, the pair is moving into more-sustainable practices and local production with its next collection. By using organic-cotton resources, in addition to projects that rely on recycled yarns, Simone and Kim are contributing to a cleaner fashion process.

In addition to its green-manufacturing practices, Found Los Angeles is made locally in its namesake city. Utilizing the resources of Los Angeles' manufacturing community to create more-ecologically sound goods was important to the women who developed Found Los Angeles as they wanted to support the domestic garment-making industry. Factory partners include businesses owned by single mothers and the female owners of a laundry that employs a staff of all women.

"We wanted it to be sustainable yet affordable," Simone said. "All these sustainable brands are offering knits for \$200, but they're made overseas. Our goal is not to make the highest margin possible. We want to deliver a product that is nice, affordable, has longevity and is made locally by women."

The concept has existed for four years, and the women launched with private label one year ago with a focus on domestic manufacturing. With their own Found Los Angeles pieces, Simone and Kim are shifting the traditional model of manufacturing through a direct-to-consumer model, which will also include capsule collections with select retailers.

"We don't want to contribute any more to a traditional way of manufacturing. We're recycling as much as we can," Kim explained. "It's better off for the environment and the wearer. We just need to be more conscious overall."

In addition to their e-commerce site, the women are starting to receive interest from major retailers. The brand's first collection was a capsule with **Nordstrom** that included knits with vintage-inspired cuts and styles. There are hand-dyed sweatshirts with refined necklines in trending prints such as

leopard, in addition to long-sleeved crew-neck T-shirts with fuller sleeves in colorful polka dots. Using an enzyme-based wash, the brand was able to help Nordstrom bring in an eco-friendlier collection while relying on updated styles that incorporate elements from a bygone era.

"It's called Found Los Angeles because we have an extensive library of vintage pieces," Simone said. "Every piece is based on a found piece, whether it's the wash or the color or the print. It will always have that iconic Americana, retro feeling."

For the next collection, the brand's first outside of the Nordstrom line, set to launch in June for the back-to-school shopping season, Found Los Angeles will release its Fall 2020 pieces with mixed media in sweatsuits with a luxurious hand that can create a dressier

look. Cuts will include pants in a wide leg and tops with more-formal sleeves such as bell silhouettes and bishop styles. With plans to grow from this collection, which is based on organic cotton, recycled yarns and sustainable washes, the women of Found Los Angeles are looking ahead.

"It's easier to switch to organic cotton, recycled yarn and use enzymes to break down the fabrics. But it takes knowledge," Simone said. "In the future, sustainable is just a given."

In addition to maintaining sustainable practices, Kim is hoping to put her passion into more social causes through the brand such as a potential clothing-recycling program. This type of initiative would allow the women to continue their support of domestic manufacturing yet in a way that reduces waste.

"We could work with **ThreadUp** or **Goodwill**," Kim said. "Some kind of program where the consumer could send in pieces that they don't use anymore, they could receive a credit for our site and we can find ways of recycling garments so they go to people who need them."

Retail price points range from \$50 for a T-shirt to \$138 for a new denim collection, which is set to launch for Spring 2021. Found Los Angeles will continue to focus on offering luxurious pieces at affordable price points. The collection is available in sizes XS-XXL and is sold online at foundlosangeles.com.—Dorothy Crouch



Cinzia Simone and Irene Kim

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Apparel-Technology Companies Make Connections to Support PPE Production

By Dorothy Crouch *Managing Editor*

As clothing manufacturers, brands and designers create personal protective equipment for medical workers during the continued global efforts to combat COVID-19, apparel-technology firms are facilitating production of masks, gloves, gowns and footwear covers.

The Tolland, Conn.-based **Gerber Technology** has experience in the PPE space with a network of 300 customers in the category. Though Gerber started its COVID-19 work in January to support emergency services in China, it eventually expanded to fortify efforts in Europe and the United States. The company has worked with makers of PPE goods for years, according to Vice President of Marketing Ketty Pillet.

“This is a process we already know. We have the expertise and have worked with those people for many years,” she said. “Now, a lot of fashion companies with the capacity to cut and sew switched their products to produce more medical equipment.”

In early March, the Gerber PPE Task Force and Resource Team was formed to facilitate matchmaking in order to connect brands with the resources and partners needed to help during the fight against the coronavirus.

“When we saw it spread in Europe and the U.S., those companies came to us, and we said that we would create a task force to share what we have,” Pillet said. “We have a

resource page where we offer free of charge the patterns, the tech packs and the guidelines.”

In addition to its supply-chain-management software, **Suuchi Inc.**, headquartered in Carlstadt, N.J., has a team of internal sewers. The company is working with representatives from state and government offices in addition to hospitals and healthcare providers, according to Lizzie Sessa, senior manager of content and product marketing.

“When we got the green light from the state that we were an essential business, we knew that we needed to take action,” she explained. “Everything is really needed but the biggest request is for the N95 mask and surgical masks and gowns are a very close second.”

One of Suuchi’s partners, Shannon Lehr, who is the founder of Boston’s **Factory 45**—the online accelerator for sustainable fashion brands—became interested in helping after seeing stories of home sewers creating masks.

“I was happy people were donating their time and doing it that way, but they are making a hundred masks a week if that,” she said. “We need a mass supply of masks. Through Factory 45 and my program I have all of these personal connections with American factories.”

Inspired to assist, Lehr launched **Requestmasks.com**, a resource for factories that wanted to create masks and the hospitals that needed them. On the site, Lehr also shared a mask pattern from the **Good Clothing Company** and an in-

structional video, which allows anyone to help. At press time, the site had seen 900 hospital requests for masks and offers from 300 American factories.

“**JoAnn Fabrics** very generously contacted me saying they wanted to donate fabric and asked if I could connect them with my factory partners in the U.S. Suuchi was one of those factories that came to mind,” Lehr explained. “I reached out to them and had 300 to 500 yards of fabric donated to them. They will be able to make about 12,000 to 15,000 masks.”

Once the pandemic slows and technology advances further, these businesses will be better prepared for the next emergency through their experiences during this time.

“Most of those companies are not considered essential businesses if they produce garments,” Pillet said. “When they start to produce the medical equipment, they are helping and becoming essential businesses, allowing them to remain open and survive beyond these days.”

Another lesson learned from working during the time of COVID-19, according to Sessa, is the need for brands to expand their supply chains.

“We are making sure we are keeping those resources open to the companies and people that need them, but informing brands to understand that the impact this had is not something we could have been prepared for,” she said. “It’s showing a deeper issue of supply-chain challenges, including concentration in one area.” ●

INDUSTRY VOICES: FASHION

Garment-Industry Veteran Ilse Metchek Provides a Real Take on COVID-19

For **California Fashion Association** President Ilse Metchek, the business of apparel is more than an industry that produces clothing. With a career that has spanned decades, Metchek has served as a resource for many in the field.

California Apparel News spoke with Metchek to discuss the impact COVID-19 will continue to have on the industry.

Over the course of your time working in the fashion industry, have you ever experienced any situation comparable to the COVID-19 pandemic?

That has affected the entire industry like this? No. [In the past], certain segments have been affected. I remember after 9/11, everyone thought it was the beginning of World War III. Everything stopped, and I remember the panic when there were no shipments, no flights, nothing was going on and nobody knew whether anybody would need another T-shirt again in their lives. The question of whether fashion is relevant I’ve seen before but certainly not to the extent that it affects the entire supply chain from buttons to zippers to thread—to everything. September 11 only really affected the United States. This is a global issue.

How do you think the effects of this pandemic will impact the apparel supply chain?

Through 2021, everyone will be circumspect about what they buy. They’ll be very cautious because you will not have that much fluff in the economy. We don’t know when this is going to end. I doubt very much that 30 percent returns are

going on because people are buying necessities. You’re not taking too many chances online. If you need a new T-shirt, you’re buying a new T-shirt, but you’re not buying a little fluffy print dress to wear at a lawn party in the summer.

When do you think that mindset will end?

If we are all healthy, it’s going to be a great Christmas. Everybody’s business is a nine-month year this year, never to be made up. You don’t make up the loss. If the dust settles around September, Christmas is going to be a great season. It will be a cause for rejoicing because we got through it.

A year after the dust settles, after the first day that people breathe freely, there will be a buying spree. I recently had a conversation with an upscale furniture company, and they are getting orders because people are home and they have nothing to do. They are looking at their shabby couch or shabby chair or something that needs replacing and they are going on **Wayfair** to get replacements. People—particularly in the United States—have an itch to spend money.

So, you look around and you’re in pajamas, or a T-shirt and jeans, you’re walking around in slippers. You will not be able to look at these pieces anymore. That is replacement buying. You will have a full year of replacement buying.

Between the California Work Sharing Program, the United States Small Business Association Economic Injury Disaster Loans and anticipated relief from the CARES

ACT stimulus bill, do you feel these aid options will greatly help the fashion industry?

I will have 10 gray hairs before everyone sees a dime. It’s all trickling down from the feds to the states. The states will decide who gets what, and that scares me.

Every situation is different, but how would you advise businesses regarding methods to safeguard what they have built and how to work through this situation?

I can’t if I don’t see their bank statements. I do not know if they have a cushion. I do not know if they have furloughed their employees or fired them. I do not know what they expect to do in the future. You may have to reassess what the product you make stands for.

That is not to say that they will not come through it, but if they’re trying to sell ice in the winter—or bathing suits in May at full price—it’s not going to happen. If you’re going to try and sell winter clothes in August, that is also not going to happen. More so than ever, it is going to be buy now, wear now.

What is the most important piece of information our readers should keep in mind as they weather the storm created by COVID-19?

Evaluate your business for future emergencies. Evaluate your inventory. Evaluate your product. What are you doing—for whom and why? I think this gives everybody pause.—*D.C.*

Resource Guide

Finance

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PUBLISHED BY
TLM PUBLISHING INC.
APPAREL NEWS GROUP
Publishers of:
California Apparel News
Waterwear
Decorated

EXECUTIVE OFFICE
The New Mart
127 E. Ninth St., Suite 806
Los Angeles, CA 90015
(213) 627-3737
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PRINTED IN THE U.S.A.

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