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## A More Thoughtful—Realistic—Approach to Made in America

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For a few months, Made in America was thrust into the spotlight as then-candidate Donald Trump used it as a key pillar in his America-First rhetoric.

And while it's hard to argue that more jobs for Americans would be a good thing, many in the apparel industry especially, were skeptical about the prospect of clothing production moving home. According to the American Apparel and Footwear Association (AAFA), 97 percent of all apparel is currently imported. Turning that tide would take a Herculean effort.

But even against those odds, there's a small faction still keen to reignite apparel production here—though it's a strategic vision with specific goals rather than a wide-spread repatriation effort.

"It's the fashion piece where you need the speed," explained Robert D'Loren, CEO and chairman of Xcel Brands. "We're cutting a lot of units there. They're short runs and that's the challenge coming out of Asia. It's important to have it here so we're reacting in real-time to what we're seeing in trend analytics."

D'Loren's company, which produces the Isaac Mizrahi, H Halston, Isaac Mizrahi and C. Wonder brands, among others, is focused on speed to market. He's gotten the process of

sketch to store down to five weeks, which is as fast as he can get it while still producing in Asia. D'Loren estimates that if production were domestic, he could cut that down to one week, two max.

Speaking on a panel at the ShopTalk conference in Las Vegas, he said, "It's the key to how Zara works, where they have nearsourced, and it's a matter of time before we start to see micro factories here in the U.S. to do that."

D'Loren is pushing to spearhead that effort, which he said will become a reality in the next 12 months.

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For D'Loren, continuing to cut time out of the process isn't merely a benefit, it's a necessity. "The real challenge is the consumer today controls the margin and trend," he said. "It's the trend piece that makes it very challenging for us, so speed has become the new currency."

From micro factories, to massive facilities, Terry Pearce, co-founder and interim CEO of Purple Innovation mattress company, operates out of a space that equates to 18 football fields. In the mattress industry, made in America is the standard for one simple reason: "They're difficult to ship, and you don't get many in a container unless you compress and roll them," he said. "We could ship it but the economies aren't there. In mattresses, the labor fraction of cost of goods sold is really quite small."

Another home-grown industry is jewelry. Kate Richard, senior vice president of brand and creative at Alex and Ani, said Rhode Island, where the company is based, has a rich history in this accessories category. Though most of the skills related to jewelry making have since been repurposed for other products in other industries like musical instruments or even car parts, there's no shortage of know-how there—or in other areas of the U.S.

That access to craftsmanship is a big plus for the jewelry brand, which relies on people to create its designs. "Allowing us to be nimble and reactive and responsive is the smartest thing we've done. We've invested in the people who have invested in us, and we've grown the small shops and the people who know how to make our product quickly," she said. "We don't have the luxury of deciding a year out what we're going to launch and ignore market trends, so being nimble is more important for us than being automated."

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Alex and Ani leans into the area's heritage through its marketing, too. And its customers respond. "It's hard to say that they inherently buy the collection because it's made in America, but it's part of the transaction that they're comfortable making," Richard said. "It's worth the price of the margin to do it and stay authentic in that space, and it's who we are."

The company's philosophy runs even deeper than marketing though. In contrast to other companies that have opted for overseas production, Alex and Ani wants to show that producing in the U.S., treating employees well and maintaining quality are all possible. And Richard said the hope is that by being an example, it creates an environment where questionable practices become rooted out.

"It holds the countries that are currently being outsourced to a higher standard. It raises the bar. Our biggest commitment is that we hope whether in our lifetime or our children's lifetime that we put a little pressure on companies to be smart, better and more connected and understanding and human," she said, adding the company had to learn early on to stay the course when it comes to upholding what the brand stands for, including forging ahead when retail partners have requested changes to boost margins. "We've had to shut it out. The middle man will always pressure you to do what's best for your business, and you'll lose your brand because of it."

For Pearce, the commitment to made in the U.S.A. is much more practical. Unlike Alex and Ani, his customers aren't particularly concerned with where the products are made. "Made in America, for the bulk of my customers, is only a nice to have," he said. "It's not a requirement for sure."

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Though it has little to no marketing advantage for him, Pearce said making the mattresses as well as other products in his line, like seat cushions, here eases some of the burden associated with the supply chain—and provides a financial benefit, too.

"The supply chain is kind of daunting. It's more difficult when it involves four weeks of shipping," he said. "Every time I can shorten the duration of an order, things get better. We can sew our own covers in an automated machine cheaper than what a stockout cost would be or having someone in the factory in China all the time."

D'Loren agrees fewer headaches is one more reason to champion domestic production. "QC becomes much easier," he said. "That piece will make our business a lot easier going forward."

But, he said, to get there, it's going to take two things: automation and duty-free access to materials.

"We are fairly automated through spreading, printing, sublimating and cutting but it stops at sewing. We're three to five years from being able to automate sewing as it relates to complex garments," D'Loren said. "The next barrier is fabric importing. I'm working with the AAFA leading the charge for the idea of bringing synthetics in duty free. If we can do that and we can automate, it's a chance we can re-shore a portion of the collections we're manufacturing."