

[shot of photograph]

Interviewer: You're kind of like a dinosaur, aren't you? Making garments in a union plant in the United States in 2011?

Respondent: Dinosaur implies something that's extinct. We're like a relic. A living relic.

Interviewer: We'll find the right word for the interview.

[0:00:27]

Respondent: A living relic.

Male Voice: Why don't you go into your disclaimer or your introduction?

Interviewer: Okay. The way this works is, I have to read a little introduction, and then I've got a series of questions, which are going to be pretty chronological, to keep it organized. We'll just start from day one and just move up to the present. You ready?

Male Voice: Yes sir.

[0:00:54]

Interviewer: Welcome to another interview for the Kansas City Garment Industry Project. Today is March 7, 2011. I'm John Dvorak, and I'm interviewing Mike Lerner, owner of King Louie America, which manufactures garments and dates back before World War II. The videographer is Mark Titus. Mike, tell me how and when the company first came into being.

Respondent: The company was started in 1937 by my father, Morris Lerner, and my uncle Victor.

[0:01:32] And it was an outgrowth of a company named Brauer-Gressmann. Brauer-Gressmann Manufacturing Company made military uniforms, and my father and my uncles worked there as factory workers. And in 1937, my dad and my uncle left and started Lerner Cap Company, along with another brother named Jack.

[0:02:03] About 1939, with war brewing, the government began to issue more contracts, and Lerner Brothers Manufacturing went into the military clothing business, and they made everything from shirts, pants, underwear, socks.

[0:02:31] They had three factories by 1944. In 1943, the local draft board said both my [brothers] can't be exempt. One of them had to go. They were making military clothing, so they had an exemption from the draft, and as a result of losing that exemption, my father enlisted and went into the military and went over to the Pacific and spent the war in the Philippines.

- [0:03:12] My uncle Victor came to Baxter Springs in 1944 because they needed more manufacturing facilities. Their business had grown substantially. So they went to Baxter Springs and bought a building that was owned by a car dealer and made a factory in Baxter Springs and continued manufacturing military items through the war.
- [0:03:51] My father came back in 1946. He was with the Occupation forces in Japan and moved us to Baxter Springs.
- Interviewer: Where were the other three factories?
- Respondent: Somewhere around Kansas City, in the Kansas City area. I don't know where they were.
- Interviewer: But there were four factories at the end of the war?
- Respondent: Yes, they had four.
- [0:04:14] So as the military contracts declined, they needed to find other products to manufacture and started manufacturing sports shirts under the name Holiday Sportswear. And they made regular men's sports shirts. In fact, they had a tagline on their labels that said, "Put it on, it's a holiday."
- [0:04:54] And during the late forties, they realized that they really couldn't compete anymore with Van Heusen or large sports shirt manufacturers because everybody was migrating from military production to civilian production, and they were just too small. But my uncle Victor was a professional bowler, and they fell into or found a company in England called Cortaulds.
- [0:05:38] Cortaulds is a very famous company there. They make convertible tops. But they also had a process for vat dyeing synthetic gabardines. And what that did is lock in the colors in the garment so that they could match them from year to year.
- [0:06:07] Well, they began to make bowling shirts, and a bowling shirt, you see it on Two and a Half Men. Kansas City happened to be a center for bowling shirts. Nat Nast was here, and Nat Nast was a major bowling shirt manufacturer, but Nat Nast didn't have the agreement with Cortaulds.
- [0:06:33] And as the forties continued, King Louie's share of the market grew. Now, the bowling shirt was a very lucrative product, because they were able to recognize 100% margin on every garment. And they had the exclusive rights to this product.
- [0:07:01] So they had no competition in the bowling shirt business. And by 1955, they had grown to the extent that they decided to go into the bowling alley business, and they built their first bowling center in 1955 at 7910 Troost.

Interviewer: By this time, was the company known as King Louie?

[0:07:30]

Respondent: 1952 is when they changed the name of the company to King Louie International.

Interviewer: Where does King Louie come from?

Respondent: I don't really know, but the myth is that in the thirties and forties, the headpin – the kingpin – on a rack of pins for bowling, was called the kingpin.

[0:08:03] The one next to it on the right, which makes the 1-3 pocket, was called the Louie pin. And so my uncle Victor had this idea, we'll make it King Louie. I don't know how truthful it was, but that's what I was told.

Interviewer: It's a good story.

Respondent: It's a good story. That's what I was told.

Interviewer: Well, now, where were you while this was happening? You were a kid?

[0:08:29]

Respondent: Yeah, I was born in 1944. And so we lived in Baxter until the early fifties. Dad brought us back. By that time, my uncle Harry had become a partner. My uncle Harry was the son in law for Mr. Brauer, for Brauer Gressmann, and then my uncle Harry came to become partners, and he ended up running the factory. That was his bailiwick.

[0:08:59] So my dad was – and there was another partner named Jack Glenn who was with Brauer-Gressmann as well. And my dad and Jack Glenn were in charge of all the sales. Dad liked to sell, so he and Jack would travel around the country selling and servicing customers.

[0:09:25] And my uncle Victor ran the bowling centers.

Interviewer: I take it the company was pretty successful in the late thirties and the forties and into the fifties?

Respondent: Yes. My father told me that while he was in the army, from 1943 to 1946, my mother got a check every week for \$75. \$75 a week in 1943 was pretty good money.

[0:09:57] And the company was always successful, always made money. They were frugal businessmen, very prudent with what they did.

Interviewer: Did they drop the military end of things.

Respondent: The military dropped them. There was a story my father told, he said in 1947/48, they had become so efficient in manufacturing that they had cloth left over that belonged to the Department of the Army.

[0:10:33] They were so good that they didn't need all the product that the military provided them. They bought this according to military specs, and they had stuff left over, and they wanted to give it back. Well, that ended up causing the military to terminate the contract.

[0:10:58] They were too efficient. And again, I don't know how truthful that is, but that's what my father told me.

Interviewer: But it's a good story.

Respondent: It's a good story, yeah.

Interviewer: Any idea how many employees the company would have had in this forties, fifties timeframe?

Respondent: Well, you can count the one factory in the picture I brought you. That's probably 120 there, maybe.

[0:11:29] Maybe 100, maybe 110 there? And then when they built the bowling alleys, why, they had considerably more. But King Louie has been a major employer in Cherokee County, which is where Baxter Springs is. Cherokee County is the – depends on the month, I guess – the poorest county in the state. There is no waving wheat in Cherokee County.

[0:11:57] There are abandoned lead and zinc mines and coal mines, so it's kind of like Appalachia and our factory down there provided employment for a lot of people.

Interviewer: Do you have any memories of Baxter Springs? Or did you leave too soon?

Respondent: No, I have a lot of memories. Baxter Springs in the forties, again, was a very small town, rural phone system.

[0:12:29] My mother tells me that I could pick up the telephone and say, I want to talk to my daddy, and they'd know who I was, hook me right into the factory. We lived five blocks from the factory. We lived on 18<sup>th</sup> Street, the factory was on 12<sup>th</sup> Street, six blocks. And I would go down to the factory.

[0:12:55] And of course, there was no OSHA then, so I played around with the bolts of cloth and was kind of like a mascot in their factory. It was a very nice time.

Male Voice: And how old were you then?

Respondent: I was, well, between the time I was three and seven.

Interviewer: Did you ever actually work in the factory as a youth?

Respondent: No, I didn't work in the factory. I worked in the bowling centers. I worked at the radio station that they acquired later on.

[0:13:32] By the sixties, King Louie had purchased a number of other businesses. Winstead's was one of their businesses. 104 Radio. It had grown beyond bowling, so I worked in those [unintelligible].

Interviewer: Do you have any recollections of the plant and any one particular, two particular fond memories of the plant down in Baxter from when you were a kid?

[0:14:00]

Respondent: Well, I don't know if they're fond or not, but in clothing factories, they have something called a table where they – spreading tables, where they spread the cloth. And I used to play on those tables. They're about probably 4.5 feet off the ground, maybe. I used to play on them, and I remember one day my father told me, he came in and said, you better not play on this table or you might fall off.

[0:14:32] Well, I fell off, and I remember him telling me, see, I told you. Then I remember other times when I would climb around on the piece goods. Piece goods comes in bolts of cloth, and I remember the smell of the piece goods and hiding among the bolts of cloth that they had piled up.

[0:15:02] Sure, a lot of good memories.

Interviewer: What happened in the sixties? Did the company continue to do well?

Respondent: Yeah, it grew substantially. And I think by the time my father retired in 1971, my uncle Victor was still there, I think they had 14 bowling centers. I think they were all here.

[0:15:30] They had one in Omaha. And then my father retired, and in 1974, my uncle Victor died. In 1982, the company was sold to a venture capitalist. And by 1996, they had five plants. They had sold their bowling centers in 1992. They had accumulated 41 of them, and they sold those to AMF.

[0:16:07] So the company did quite well. And everything was going fine until the emergence of China. And since apparel manufacturing is a labor-intensive business, well, the Chinese labor wage might have been \$0.50 a day in 1998, 1999.

[0:16:36] And King Louie was a union shop, so it just could not compete with foreign products. So the decision was made that we were going to get the import business as well, along the model of Gear – Sports Gear is a local company

here that did very well. I think it emerged out of Swingster or something like that, which was another Kansas City garment company.

[0:17:09] And they were for whatever reason, either intentionally or because they didn't have the funds – probably intentionally, because the venture capitalists were kind of wealthy – they were never big enough to compete in the national market.

[0:17:29] When they were just making bowling shirts, King Louie had a brand in their industry like Coca-Cola and Budweiser. It still does in the made in USA, union made in USA line.

Interviewer: In the fifties and sixties, it would have sold bowling shirts all over the United States?

Respondent: Yes, it's very interesting. The industry was small.

[0:17:56] I think the industry got to be about a total of \$8 million nationally. I think at its peak, King Louie might have had 70% of that business and made 100% margin on its products. So that's very lucrative.

Male Voice: Plus, you had onsite sales in your bowling centers where you sold your shirts as well. You had like little boutiques where you sold.

Respondent: Yes, but what they found out is very much like a chef who is a great cook but doesn't know how to run a restaurant?

[0:18:34] The assumption was because they were in the bowling shirt business, they would just be a natural to be in a bowling center business. But it wasn't. The reason why it wasn't is, the bowling shirt business is a manufacturing-based business. The bowling center business is equivalent to a utility.

[0:18:57] With a utility, you have a high initial cost, and you make your money back by usage of that equipment and that facility, and that's what they found out that the bowling center were. It's very close to a utility. Now, they were very successful because my uncle Victor was a real innovator. He was one of the first in the country to have family centers as opposed to bowling alleys that women didn't go in.

[0:19:26] In addition to that, he made the decision along with my dad and his brothers that they did not want to lease their equipment, which AMF required to [pin setter makers]. So they bought the equipment from Brunswick, and Brunswick, their machine was a lot easier to repair. Also, Brunswick offered financing if we wanted it for the entire bowling center, if we wanted it.

[0:19:57] They didn't choose to use Brunswick's financing. By 1961 or 1962, they had four bowling centers here, and they were paid for. And the bowling boom that

occurred between 1955 and 1960 became a bust. And of course King Louie was here with no debt.

[0:20:28] And they were able to do quite well. One of the other innovations is, King Louie was always a nickel higher per line than anybody else. No matter what they charged, they were a nickel higher. And that's to emphasize that they offered a better product. And today, King Louie as a manufacturing company is the high-priced company. And that has been kind of a mantra for us.

[0:20:56]

Interviewer: Did they literally make only bowling shirts in the fifties and sixties, or did they make some other athletic apparel?

Respondent: No, they tried a number of things. Through the fifties, they still had Holiday Sportswear, but it didn't count for much. They made bowling slacks. They didn't make blazers. They tried for a while to make blazers that have logos on them for sporting events or promotional.

[0:21:32] That didn't work too well. And the bowling slacks were – because they were made out of this synthetic material, they were hot. And they really weren't pant makers. So they tried other things, but they never really sold any of them.

[0:22:04]

Interviewer: What happened to you along the way? The sixties came, and you didn't go into the business, I gather?

Respondent: Well, I spent my sixties, in the sixties, like Jerry Garcia. If you can remember the sixties, you weren't there. I went through school and I went to law school after I graduated from college.

[0:22:34] I was going to go into my father's business. My father, like so many boot strap type entrepreneurs, didn't believe that the business schools knew anything, but he liked the law schools. He said the lawyers were pretty good, so I went to law school.

[0:23:03] By the time I graduated, it was time for my dad to retire. And there wasn't anyone to go into the business without him. So I practiced law.

Interviewer: You had graduated in the mid-sixties?

Respondent: I graduated college in 1967, I think. '66?

[0:23:27] And then I graduated law school in 1970.

Interviewer: By then, did you realize, and did the family realize, there were problems in the business?

- Respondent: Well, there weren't ever problems in the business itself. The business was okay. It just had to do with some different philosophies on how the business would grow. My father wanted to grow vertically.
- [0:23:57] His brothers wanted to expand into non-related businesses, and it was a different philosophy, so my dad decided to retire.
- Interviewer: But the business was doing okay financially?
- Respondent: More than okay. It was flourishing. Doing quite well.
- Interviewer: When did you begin to see or become aware that there were financial problems?
- Respondent: I didn't know. I had my own life. I had gone into business by then.
- [0:24:30] This business here, the railroad business. I didn't really know. My cousin, Bob Palin, who was Victor's son in law, was the president of the company, ran it on behalf of the venture capitalist, and he did a great job. He did a wonderful job. I had my own life and didn't pay attention to it until [unintelligible] paper in the business section in March of 2006.
- [0:25:01] It said King Louie's closing its doors. And initially, I wanted to just buy the name, use the name. And when I inquired, the representative from the owner said, would you be interested in buying the whole thing? So I called my cousin Bob, and I said, I might be interested in taking a shot at it.
- [0:25:31] And I began to do my due diligence, and I found that the domestic union made side was always profitable, always. And so I bought it.
- Interviewer: You didn't really follow how the business went, then, after it left your family's hands?
- Respondent: No, I didn't, but I found that they really couldn't compete on an international level.
- [0:26:04] They didn't choose to, or they didn't compete. What I was about to say was, in their own industry, the brand was like Coca-Cola and Budweiser. Well, in the larger universe, they had to compete with Nike. Nobody knew them.
- [0:26:29] And where somebody like Nike or Gear or Ashworth could carry \$50 million to \$100 million worth of inventory, they could buy the entire production of a foreign factory, they could buy the factory, King Louie didn't do that. And they really couldn't compete on that level.
- Interviewer: Was the problem pretty much the wages that were paid overseas, or were there other issues of a financial nature that affected the ability of the company to compete?



[0:27:01]

Respondent: No, it's the... Well, I'll give you an example. If you go into Dick's Sporting Goods today and buy a jacket retail, whatever you pay for it, it is lower than my cost. So unless you're prepared to compete on the same level, you are doomed.

[0:27:29]

We have a wage scale – I don't know what our entry level is today. Maybe it's \$8 an hour, \$9 an hour or something like that, plus escalations. You can't possibly compete. So what I saw was, you needed a niche. Well, the niche was, we were one of the few union manufacturers left, and 90% of our clientele, our customers, were organized labor.

[0:28:03]

Well, we sold to organized labor. And there was a high barrier to entry, because who in their right mind would open up an apparel manufacturing company in the United States, to have to worry about that, and King Louie dominated its niche.

Interviewer:

Are you saying that in the general garment industry, it's just not really possible to compete making dress shirts or sports coats?

[0:28:30]

Respondent:

That's right. And you see that's the case by the number of textile mills, apparel manufacturers left in the United States. Now, there's some names like Carhartt. Have you heard of Carhartt? Carhartt no longer manufactures its product in the United States. They make it in Mexico or other places. They do have one factory in Kentucky left.

[0:28:57]

This is Carhartt. VF Corporation, which is a huge clothing apparel company, does buy American made stuff from King Louie. There's another company called Rubin Brothers in Chicago. Rubin Brothers has been around since 1903, and they make primarily fire and police uniforms. They also make jackets and shirts, but they do well in the uniform business.

[0:29:38]

And they've been around so long they have no debt at all.

Interviewer:

But that's a niche.

Respondent:

Yes. You have to have a niche in this business to survive. There's no other way. And we do.

Interviewer:

Nothing that King Louie did would or could have changed that back in the sixties?

Respondent:

Well, you wouldn't have done it in the sixties.

[0:30:01] Probably in the nineties, with the emergence of China. What they could have done is commit to \$100 million of inventory or buy foreign factories or buy the production of foreign factories. They elected not to do that.

Interviewer: But I'm saying, the King Louie company was not suffering from some sort of inefficiencies or anything like that that needed to be corrected.

[0:30:27]

Respondent: No, no. Not at all.

Interviewer: It's a question of wages overseas.

Respondent: Yeah, it was a very well-run company. It was adequately capitalized. And in 1992, when they sold their bowling centers, they made probably \$40 million on the transaction, so they had plenty of cash. This was a business decision made by management that they just didn't want to continue to put money in it.

[0:30:57]

Interviewer: Did they have foreign plants after they bought the company from your family?

Respondent: They did not. You have to remember, until 1996, bowling shirts were a big business. It was great. That's how they grew five factories. And it declined precipitously after that. So it wasn't a question of bad management. It was a question of changing atmosphere in the industry.

[0:31:30] And they elected not to make the investment that was required. You have to understand, the VC had many, many businesses, one of which was the oil supply business. Why did they want to fool with an apparel company, especially since he'd gotten his investment back tenfold?

[0:31:56]

Interviewer: So they just had no interest in going overseas or doing something overseas?

Respondent: Not on the scale that you need to do it, yeah.

Interviewer: What happened then in 2006? Did they just conclude that it was time to shut everything down?

Respondent: Well, yeah, you have to understand, the original VC died, and his son in law operated the trusts that owned the estate.

[0:32:29] And one of his businesses was the oil supply business, which was booming in 2006. And he just didn't want to fool with it anymore. In 2004, my cousin retired. So I could understand. He'd gotten a very good investment for it, and it was just time to move on.

Interviewer: Well, in 2006, what entered your thinking in buying the company?

[0:33:04] Did you hope to make money? Was it sentiment?

Respondent: Well, I'll tell you something. My father used to say, your company doesn't know or doesn't care that you own it, so you cannot get into a business because of sentiment or because of emotion.

[0:33:27] Had the business not had the potential that I saw, I wouldn't have done it. I saw that it was the domestic union made side was making money, was doing fine, and I was able to buy it at a price that lessened the risk if it didn't turn out the way I thought it would.

Interviewer: Wasn't there a little sentiment involved?

[0:33:57]

Respondent: Lots of sentiment involved, but that didn't make the deal.

Interviewer: It was the numbers that made the deal?

Respondent: Absolutely, yes. It was the numbers.

Interviewer: Did you announce the purchase price at the time?

Respondent: Never. It's nobody's business.

Interviewer: So that's private?

Respondent: That's right.

Interviewer: Did the company ever close, or did it just continue to operate continuously?

Respondent: Continued to operate. The announcement caused a lot of damage in the industry, and it took us about two years, almost three years, to undo that.

[0:34:33]

Male Voice: To recover from the announcement that you were going out of business?

Respondent: That's right.

Male Voice: Because people would say, well, I thought you were going out of business.

Respondent: Yeah, and in fact...

Male Voice: I heard you were dead.

Respondent: Yes, I was at a tradeshow in Las Vegas in January, and we still had people come by and say, oh, I thought you guys were dead.

[0:34:57]

Interviewer: Oh, you mean January of this year?

Respondent: Yes.

Interviewer: Well, how did things go after you closed the deal? Did you keep the existing management in charge?

Respondent: Yes, I did. Again, I wouldn't have bought it had they elected to leave. It was a very good group. The CEO is a phenomenal guy. He's a manufacturing guy. One of the things that we changed was, the prior owners really operated it as a marketing company.

[0:35:33] We felt that it should be a manufacturing company. So we changed the emphasis from marketing to manufacturing, which means we do a lot more private label manufacturing. The model is to make stuff, not to market stuff.

Interviewer: Now, roughly how many employees do you have today?

[0:36:01]

Respondent: They come and go. I think at one time, we had 200. I think we're down to 160 maybe now? 2009 was a tough year. Like Franklin Roosevelt said in 1933, we were struggling to keep our heads above water.

[0:36:32] In 1936, he said, we're still struggling, but we've learned to breathe under the water. And that's what happened to us in 2009, when the auto workers and the steel workers just [won't work]. Well, that was about 30% of our business. So we had to be very nimble, and it is due to the skills of my CEO and his staff that we still made money in 2009.

[0:37:05]

Interviewer: Have you done well, generally speaking, since 2006 with the company?

Respondent: Yes, we have. Very happy with it.

Interviewer: You're making money?

Respondent: Yeah, we've probably cut our debt in half.

Interviewer: Have you made money every year?

Respondent: Every year. That's right.

Interviewer: That's pretty darn good, isn't it?

Respondent: I hope so. I'm very happy with it.

[0:37:30]

Interviewer: Do you announce what your annual sales are?

Respondent: No, we do not. My bank knows.

Male Voice: And your tax attorneys, and the government.

Respondent: Yes, they do.

Interviewer: What do you make now? It's more than bowling shirts, isn't it?

Respondent: We don't make any bowling shirts at all.

Interviewer: Oh, you don't?

Respondent: No, for example, have you ever been in a post office? Have you seen the powder blue shirts that the postal workers wear?

[0:37:56] We make those. Ever been into a Verizon store?

Male Voice: So uniforms and stuff like that?

Respondent: Well, not just uniforms, no. In the Verizon store, you see the red polo shirts that they wear? We make those. We make the marine corps jackets for the marine corps. In 2008, we had the contract with VF Corp. to make jackets for AT&T.

[0:38:28]

Male Voice: So you don't have any retail business at all? It's all wholesale?

Respondent: That's right. Well, yeah, that's right. Again, we're a manufacturing company, not a marketing company.

Male Voice: That's what you said.

Respondent: We make a good portion of our gross production, our production is custom made.

Interviewer: Is most of what you make in the broad category of uniforms?

[0:38:57]

Respondent: No, most of our stuff is called promotional products. We have an embroidery plant. We do our own embroidery.

Interviewer: Did you work with Bruce and Gayle Krigel when they ran their apparel business where they provided jumpsuits for people?

Respondent: We didn't make that stuff, and we would have been too expensive for them anyway if we had made them.

[0:39:27]

Interviewer: Well, you don't make a shirt that a person would buy at Dillard's just to wear?

Respondent: Sure we do.

Interviewer: Oh, you do?

Respondent: Of course. We make polo shirts. Oh yeah. But you wouldn't buy it in Dillard's because it would be too expensive.

Interviewer: Where would you buy it?

Respondent: You'd probably not buy it anywhere. It would have to be part of a promotional program because we don't sell it in stores?

[0:39:55] Now, having said that, we do sell it to online stores. The American Legion and the VFW are retailers through the internet, and we provide them with their shirts and jackets.

Interviewer: Have you not made bowling shirts at all since 2006?

Respondent: We made one, and that's because I insisted on it.

Interviewer: One shirt?

Respondent: One style. One style of bowling shirt. And my CEO told me we were wasting our time and money, and he was right.

[0:40:34]

Interviewer: Just no market.

Respondent: No.

Interviewer: Well, what do you see ahead for the niche that you are in? Do you see good things ahead?

Respondent: Yeah, now that people are getting back to work, there's some interesting developments. The largest group of organized labor, the largest union membership, is in the public service sector, public unions.

[0:41:01] And there's a lot of opportunity to expand there, we believe.

Male Voice: Even with all the rigamarole that's going on around cutting out bargaining rights and stuff?

Respondent: Well, there's about seven, almost eight million public employees who are unionized. There's plenty.

Interviewer: What are you selling, basically? Are you selling a good quality American union made product?

Respondent: Ours is the best there is.

[0:41:29] And I brought a jacket with me. I didn't bring it in here, but I brought one to show you. Our quality is second to none.

Interviewer: But that's what you're selling?

Respondent: We're selling two things. We're selling quality products and good service. We pride ourselves on service. And the reason service is crucial is if you've got a steelworkers' convention in June, and you order 3,000 shirts, you've got to have your product.

[0:42:04] We do that. We guarantee our delivery.

Interviewer: Is there anything to be learned from what you've done for the garment industry? In other words, is there any chance that other companies could do something like this? Not necessarily in your niche, but in some other niche?

Respondent: Probably not unless it was the uniform business.

[0:42:31] There's always going to be fire, always going to be police. By the way, we do make a jacket for the TSA. We make a rain jacket for them. So that's available. But for the capital required and the barrier to entry, there are other businesses that are much more lucrative and a lot easier to get into.

[0:42:57] For example, the service business across the United States is so much easier. You don't have to have sewing machines. It's not capital intensive. So why would somebody want to get into a manufacturing business? Especially apparel. Circuit boards might be something else, but apparel, when for less cap, you have a better opportunity to make more quickly?

[0:43:25]

Interviewer: Now, everything that you make is made in Baxter Springs?

Respondent: Yes, everything.

Interviewer: Do you have any offices here in the Kansas City area?

Respondent: We do. Our corporate offices are in Overland Park, and we have a finished goods warehouse in Adair, Oklahoma, which was a former manufacturing facility.

Interviewer: You don't have a warehouse in Grandview anymore?

Respondent: No, we sold that to a company called Zorel. When it was announced that they were selling, I bought the domestic division, and Zorel bought the international division.

[0:44:05] Zorel is a company based in Thailand. They're vertically integrated, and this gives them a physical presence in the United States.

Interviewer: Well, now, you're a union shop and have been for, what, how many years?

Respondent: Forever.

Interviewer: From day one?

Respondent: From day one.

Interviewer: What is the union today?

[0:44:27]

Respondent: It is the UFCW, the United Federation of Confection Workers. And it's the same union that's in the packing houses and in the bakeries.

Interviewer: How are relations between union and management?

Respondent: Oh, they're great. The company was going to close, all those jobs were going away. I showed up and we had a good talk and everything worked out well.

[0:44:59]

Interviewer: You're still on the honeymoon with that part of it?

Respondent: Well, it's not a honeymoon as much as it's reality. With the recession as it became, jobs became scarce, it was more important to work. Now, having said that, we have a high entry level rate compared to other businesses around there. We have very good working conditions.

[0:45:28] We get along well with the union.

Interviewer: Can you give me an idea of what the wage scale is top to bottom?

Respondent: Well, if we start off around \$7 entry level – and we operate on piece goods – there are some operators there who can make \$18 an hour.

Interviewer: That would be about the top wage?

Respondent: Yeah. Well, not for management. Management gets more than that.

Interviewer: No, but I meant for the workers.



[0:45:58]

Respondent: Sure. But \$18 an hour is good work, especially in a good working atmosphere.

Interviewer: In Baxter Springs, anything much over, what, \$10 or \$12 would be pretty good, wouldn't it?

Respondent: Right, it would be. And our workforce is not particularly well educated, as you can imagine, so it's a good job.

Interviewer: Have you had to lay off people since you bought the company?

[0:46:27]

Respondent: No. When you said did I have to lay off, I probably should have done it in 2009, and there, my emotions got the best of me. Because I knew these people. I knew them when I was little. There's some people there that have been there 40 years. And I just couldn't pull the trigger to lay them off. I should have done it, and I heard my father telling me how stupid I was not to do it, but I didn't.

[0:46:58] And I don't know if it happened again, whether I'd be able to do it. We were very lucky.

Male Voice: You mentioned your father. Is he still alive?

Respondent: No, he's been dead since 1985.

Interviewer: But he was speaking to you in 2009?

Male Voice: You heard him in your ear.

Respondent: Yeah, I sure did.

Interviewer: You're not a dinosaur, but do you consider yourself a relic when you look at the garment industry? You're familiar with the history.

Respondent: We are definitely a living relic, sure.

[0:47:28] We've managed to survive because of three things. One, it's a high barrier to entry to compete. Number two, we have a niche. Number three, we dominate the niche. That's it. Had we not been union made in USA, it would have died with the other parts of the business.

Male Voice: So the honor of being American union made is what has kept you alive because of your relationship with other American unions?

[0:48:01]

Respondent: Well, I wouldn't say an honor. I would just say it's luck. Success in business, there's not much business acumen to being successful.

Male Voice: Yeah, but the fact that people appreciate you as a union shop, because they are also a union shop.

Respondent: Actually, they don't appreciate us, there just isn't anybody else. There's only two of us, maybe three of us.

[0:48:29] So if a union wants to buy union made products, they gotta come to us or two other people. There just isn't anybody. So it's like being the right rat at the right rat hole. Very little business acumen.

Interviewer: Well, you said you had to meet with your bankers, so maybe we ought to come off the tape there, but I do need to clarify some spellings.

Respondent: Okay.

[0:48:56]

Interviewer: I looked for – I don't know how to pronounce it...

[still shots of clothes, labels]