

112-Year-Old U.S. Apparel Maker In PA To Close

Michael Rubinkam, Associated Press

ORWIGSBURG, Pa. (AP) — One of the last U.S. apparel manufacturers of its kind is losing its shirt.

FesslerUSA had survived war and depression, free trade and foreign imports, producing millions of knitted garments from its base in eastern Pennsylvania. Five years ago, third-generation owner Walter Meck and his family were feeling so good about the company's prospects they doubled capacity, moving into a former pencil factory outside the small town of Orwigsburg.

They were still setting up shop in the new place when the Great Recession hit.

Sales plummeted. Financing dried up. And, after a long struggle to keep the manufacturer afloat, Meck has finally run out of time and money, still awaiting the strong economic rebound that never came. Production will shut down in early November, tossing 130 employees out of work and ending a run of nearly 113 years.

"We're not even on life support any more," the downcast CEO said in an interview on the floor of his cavernous factory, ominously quiet on a recent workday.

Meck blames the historic mill's demise on weak consumer spending, fresh competition from Asia, tighter credit standards that he said prevented Fessler from getting a desperately needed loan, and a lack of interest from private investors and potential buyers.

In Schuylkill County, an economically distressed region where good-paying jobs can be hard to come by, Fessler's workers are jittery.

Cutting room manager Gloria Bambrick, 57, has worked in the garment industry for 32 years. Her previous two employers also shut their doors. With Fessler set to join them, she's not sure what she will do.

"It's going to be tough for me to get a job because of my age," said Bambrick, who became the sole breadwinner for her stepdaughter and elderly mother after the recent death of her husband. "I am very strapped. I will need a good job."

Bemoaning the disappearance of so many textile jobs, she said: "I am an American girl and I wish more people would think like me and would have left the industry here and not send it overseas."

Indeed, it's a minor miracle that Fessler held on this long.

Though domestic production has ticked up recently, more than 97 percent of the 19

112-Year-Old U.S. Apparel Maker In PA To Close

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

billion pieces of apparel sold in the United States last year were made somewhere else, primarily in China and other Asian nations, according to Labor Department data compiled by the American Apparel & Footwear Association. Employment has declined 75 percent since the late 1990s, from 621,000 jobs in 1998 to 151,800 today.

Fessler had been a rare breed among apparel manufacturers not only for its longevity, but also because it controlled all aspects of production. The company weaves its own fabric, cuts it and sews it into private-label garments shipped to stores around the nation.

"There aren't very many vertical, made-in-the-USA apparel companies left," Meck said. "It is an incredible feeling to watch those garments go out the door."

FesslerUSA began life in 1900 as Meck & Co., producing cotton underwear at a factory in Schuylkill Haven, a river town about 90 miles northwest of Philadelphia. Meck's father sold it to the Fessler family in 1960. Meck joined other family members to buy the company back in 1994 — just as the North American Free Trade Agreement was claiming its three biggest customers.

The family weathered that crisis by pivoting from high-volume, mass-market apparel toward higher-end pieces made with more expensive fabrics, a segment of the market that foreign manufacturers were unable or unwilling to touch. Fessler thrived because it could produce quickly and in small quantities, and its fashionable tees appeared on the racks of such retailers as Bloomingdale's and Nordstrom.

"We knew that it was change or die," Meck said. "We had to reinvent ourselves."

Change or die. It became a way of life as Fessler bucked the odds and enjoyed years of double-digit growth.

So when retail sales took a nosedive amid the worst economic crisis in 75 years, Meck knew he had to pivot once more. Gathering his employees together, he told them: "Is it more important for half of you to work, or more important for all of you to go out of business?" Fessler laid off nearly half the workforce.

The smaller, leaner company was profitable for a while. But the good times didn't last. Sales plummeted again in 2010, and Meck could no longer cut his way to prosperity. He had to grow revenues while reducing Fessler's dependence on women's fashion. His team began working on new products and new markets, including a flame-resistant shirt for firefighters and utility workers that Meck said showed great promise.

But he needed time, and he needed money, and both were in short supply.

In the end, he couldn't find the cash. And a few months ago, the bank called Fessler's loan. The company was doomed.

Given its weak cash flow — Fessler's sales were down 50 to 75 percent from their

112-Year-Old U.S. Apparel Maker In PA To Close

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

pre-recession peak of \$25 million per year — did it ever stand a chance?

Meck, a wily businessman with nearly four decades of experience, insisted Fessler could have survived had he found a willing lender.

"Very quickly it became clear that new regulations that were being placed on banks were crippling banks' ability to do business, and it didn't take long for that to rumble right down and hit us square in the face," he said.

Meck's lament about tightened credit is a common one among small- and medium-sized manufacturers, said Chad Moutray, chief economist for the National Association of Manufacturers.

"Many of them have complained to me that the standards for borrowing have become a lot more strict since the recession," said Moutray, formerly chief economist of the Small Business Administration. "It's much tougher to get a loan today than it was in the past."

Banking industry veteran Bob Seiwert agreed that lending standards have made it more difficult to get a loan, but he said banks are eager to lend to viable firms, and are even sacrificing on terms because demand is weak.

"Right now banks are awash in funds and they don't know what to do with them. Banks are scrambling, competing for those few small business loans that are out there," said Seiwert, a senior vice president at the American Banking Association. "Most small businesses today are on the sidelines."

Meck acknowledged his company's problems went deeper than its inability to get a loan. And once word got out, customers began to flee.

Fessler continues to fill existing orders, but the signs of a company on the brink are unmistakable. Most of the sewing machines sit idle, and a section of the factory is filling up with equipment destined for liquidation.

Meck tries to focus on the good times.

"I don't want people to be sorry. I want people to be proud we lasted this long. I want people to be proud we tried," he said. "We did good work. There is nothing to be upset about. In today's economy and today's world, it didn't work."

Source URL (retrieved on 07/23/2014 - 3:43pm):

http://www.impomag.com/news/2012/11/112-year-old-us-apparel-maker-pa-close?qt-recent_content=1