

WORLD OF SEVENTH AVE.

# Jantzen Bucks the Trend

By HERBERT KOSHETZ

How do you take the cyclical swings out of the apparel business? By running it as though it were less susceptible to swings, says Robert W. Roth, president of Jantzen, Inc.

"We never operate like they do on Seventh Avenue," he said last week in an interview, "where in most instances the business is built around one man with no one to take over after he's gone.

In 65 years of operation, Jantzen has built a manufacturing and selling organiza-

tion that makes steady gains in sales volume year after year, and has eliminated a lot of the guess-work and speculative factors to which the fashion industry is subject.

Yet it brings out new merchandise four times a year and turns its inventory at a rate of 4.2 times a year when the industry average is only 3.4 times.

Every season is a new beginning, according to Mr. Roth, so Jantzen takes an inventory markdown four times a year.

"One of the primary troubles in the industry," Mr. Roth said, is that a lot of

firms will not take an inventory loss, hoping to sell merchandise at a later date. That ties up capital he said and means complete renovation of lines cannot be made.

Jantzen, a pioneer among apparel companies in data processing and computer inventory control, got its first installation in 1929. It currently owns an International Business Machines Corporation 370-145 computer and keeps a perpetual inventory on more than 30,000 stock units which it says has proven to be accurate to within one-half of 1 per cent.

"We have about 8,000 ac-

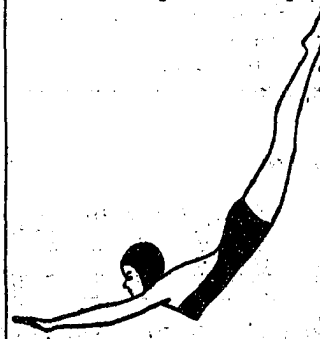
counts with about 14,000 outlets, serviced by a sales force of 135 men who cover specific territories. We sell most of the better department stores and specialty shops.

"In addition we have eight company stores which are limited to selling to our employees only and they consider it an important fringe benefit," Mr. Roth said.

"Our staff has sufficient depth to meet most contingencies and we feel we can count on their loyalty," Mr. Roth said. "We have had a pension plan since 1933, probably longer than anyone in this industry and we have a profit sharing and thrift plan that brings our scale of compensation at one of the highest in the industry."

Benefits and maintenance of competitive labor rates for the company's more than 4,600 employees has also made it possible for Jantzen to remain non-union, one of the few large apparel manufacturers not organized by either the International Ladies Garment Workers Union or the Amalgamated Clothing Workers of America.

Employees can retire with a pension based on earnings in the best five of their last 10 years. Under the thrift plan, workers can put aside 6 per



cent of their earnings with a guarantee that the company will put up at least \$1 for every \$4 saved, with the possibility of the company matching savings on a dollar-for-dollar basis, as happened this year.

The company was founded in 1910 as the Portland Knitting Company in Oregon and operated as a combined general knitting outfit and retail store. The swimsuit for which it became famous was a garment knitted with a rib stitch that gave it stretch features for better fit.

The suit developed in 1913 was the principal product for almost 25 years and was marketed worldwide under the Red Diving Girl trademark.

In 1938 the company began to diversify its line with sweaters and a year later added what was then known as sun clothes, and foundation garments. In 1942, knit shirts were brought into the line and the company started making brassieres in 1950.

In the mid-nineteen-sixties, Jantzen was reorganized internally and production and sales were classified by gender rather than product line. Separate men's and miss's divisions were established, each responsible for its own merchandising manufacturing and selling.

Robert W. Roth, 51 years old, joined the company as a salesman almost immediately upon his graduation from Stanford University. He became a regional sales manager in 1959 and a merchandising manager in 1963. He was named president in 1968.

Jantzen's vulnerability to fashion changes, economic and weather conditions has been reduced by the four-season approach, says Mr. Roth under whom it was adopted. Moreover, it provides a more even flow of merchandise through production and distribution centers with an improvement of sales and earnings in the traditional slow first three months of the year, he said.

Product diversification has been supported by the vertically integrated production under which Jantzen's knitting operation starts with yarn spinning and dyeing and ends with the retail sale, he said.

Other apparel manufacturers, who contract out many operations, say that sort of integration limits flexibility and can cause serious difficulties in manufacturing planning and sales.

But Mr. Roth argued that this approach has given the company advantages in scheduling of production and controlling quality and assisting design ingenuity.

For its fiscal year ended Aug. 31, Jantzen reported sales of \$113.9-million, an increase of about 19 per cent from the previous year. In the last nine years, sales have risen by an average 9 per cent annually. Net income as a per cent of sales rose from 1.9 per cent in 1965 to 4.6 per cent in 1974.

Jantzen is among the top 25 apparel companies out of a total of more than 10,000 in the United States in terms of annual sales.

The company spends an average of 3.6 per cent of its dollar volume on advertising, including cooperative advertising or displays at the point of sale. It is strong in print advertising and for television supplied a film on Jerry West, the basketball player, for local stations that was tied into local retail advertising.