

# SUCCESS LOOMS

The American apparel business is a \$50 billion industry, where survival is tough. Nonetheless, at 27, Jhane Barnes has succeeded in turning a \$5,000 loan into a \$2 million design business. She's the youngest person—and first woman ever—to win the Coty Award for men's wear, and she holds a Cutty Sark Award. In addition, Barnes does a substantial business with her hand-tailored women's clothes. Can she survive without cutting corners?



BY BARBARA ETTORRE

**T**he Garment District in New York City is a conglomeration of large manufacturers, small companies and tiny businesses run out of lofts, all clustered on or around Seventh Avenue. Collectively, these companies turn out over \$27 billion (wholesale) in garments each year. The great majority of the more than 5,500 companies operate on a shoestring and bring in less than \$3 million a year. The competition in the garment industry is intense, relentless and,

for some, backbreaking, as manufacturers jockey for prominence and—the ultimate blessing—acceptance by the store buyers who see the clothes in the showrooms and decide what garments they will carry on their racks. The vagaries of the economy can crush many firms trying to balance the demands of design creativity and the heavy outlay of cash required each season to produce a clothing line.

In the midst of the industry is a 27-year-old designer of men's and women's apparel who has parlayed a minuscule annual volume (\$2 million) into an image that stretches far beyond the dollars. Her methods are un-

orthodox. She weaves her own fabric swatches to be duplicated especially for her, and she turns out garments that are hand-sewn with techniques of fine English tailoring, rather than the cookie-cutter sewing of some American apparel companies.

Even the spelling of her name is unorthodox: Jhane Barnes.

"The 'h' was my idea," she explains. Barnes began in the men's wear business and thought the extra letter "would make my name look masculine and ambiguous. No older man would buy expensive clothes from a woman my age. I was only 21 at the time."

Back in 1975, Barnes had just graduated from the Fashion In-

stitute of Technology (FIT) in New York and was convinced that she wanted to work only for herself, not in a stable of designers for a large design house. Armed with \$5,000 borrowed from Malcolm Katt, a biology professor at FIT—and signed partnership papers bought in a stationery store near the school—Barnes began to peddle a few of her men's pants, vests and shirts door-to-door.

"My first order," recalls Barnes, "was for a hundred pairs of pants for a little store in Philadelphia. I was visiting friends in Philadelphia and someone said the store owners were nice people and that I should go see them."

Then came a lucky break. Ber-



Barnes is known for her muted, rich colors and natural fibers—wools, silks, cottons. Going home to Maryland for a four-day break, she absorbs colors of the countryside, which appear in her next designs



Spring and fall sweaters using fabrics in color combinations unique to Barnes. They retail from \$110 to \$200.



Barnes goes home to dye—on a hotplate in the corner of her small apartment.

# SUCCESS

nie Ozer, a vice-president at the Associated Merchandising Corporation, was in a Manhattan barbershop and saw a young man wearing Barnes's pleated trousers and vest. Ozer, a virtuoso at spotting trends in fashion, demanded to see the creator.

"The cut of those trousers was superb," Ozer recalled later. "You didn't notice them at all at 20 paces. They weren't theatrical. They were men's wear for a man who had good taste and wanted the difference that is subtle without being theatrical."

With Ozer's influence, Barnes had orders for 1,000 garments from 12 department stores across the country within two weeks. She worked day and night to fill the orders, sleeping under the cutting table in her Brooklyn apartment.

Not only did she cut and sew her samples but, in order to save \$2 on each ordered garment, she herself cut out every piece and then she "schlepped the pieces by subway in big bags to the sewers who put the garments together."

The \$5,000 loan had been used up long since, in payment to the first contractor. Barnes found herself in the netherworld of the small-business person who knows little about business management. "I didn't even know you had to report your earnings to the government," Barnes says. "I shopped piece-goods manufacturers for their overruns and back inventories of fabrics; some stuff I bought was as old as 30 years, since I couldn't afford to buy their regular lines. There were incredible values—sharkskin pindots,

houndstooth cashmeres. But I knew nothing about invoicing or shipping procedures."

At this point, Barnes had orders



worth \$50,000 but no idea about how to collect her money. Kindly store buyers sat Barnes down and taught her the intricacies of invoicing. "They explained that I would not get paid without proof of delivery," she says. "I knew less than some of the people answering the phones in the accounts receivable departments of stores. Stores were taking 100 days to pay me for orders. They were calling for reorders and I hadn't been paid for their initial merchandise. I got stuck for about \$10,000 that first season."

To prepare for her next collection, Barnes—still operating essentially by herself—took the whole \$40,000 she got for her first line and paid off her contractors. To keep going, she had to borrow more—\$5,000 from a woman





**Barnes designing. She starts her work day at 8:00 AM and puts in regular 12-hour stints. Two nights a week she works until midnight, and two more nights to 3:00 AM. She sleeps on Sundays.**

who lived in her apartment house, \$1,000 from her hairdresser and so on. She did pay off the \$5,000 loan from the FIT professor.

Under the name Jhane Barnes Ltd., Barnes began to design out of the workrooms of Charivari, a clothing store on New York's Upper West Side. She worked out of a loft above the store under an informal partnership with Jon Weiser, Charivari's owner, but within three months the partnership ended. Charivari ads in the *New York Times* drew attention to Barnes's clothes and other stores wanted them.

Two of Charivari's customers, apparel manufacturers themselves, and Erasmo "Eddie" DiRusso, Charivari's master tailor, next entered into a working partnership with Barnes. By the

end of 1977, Jhane Barnes Ltd. was doing about \$100,000 in business and operating out of a tiny (\$500 a month) loft in midtown Manhattan. The company hired its own cutter in mid-1978 and a salesman and receptionist shortly afterward. By the end of 1978, the company was shipping \$600,000 in goods.

DiRusso, with ever-present tape measure and cigarette, presided over the cutting room, where jackets, trousers, vests and shirts were prepared for outside contractors to sew. The finished garments then were returned to the company for inspection and shipment.

The fledgling business knew little about the science of the markup, the price structure that determines a garment's selling price. Built into the manufac-



**Garments being cut according to the specifications of Barnes's patterns in her big loft workroom in New York's Garment District.**



She works and reworks samples on a knitting machine until they are perfect. Barnes has problems keeping prices down because she demands such meticulous handwork in her tailored garments



The wool and silk jackets are "almost couture."



Poring over fabrics.



With sales managers Jim Saulfon, Phil Mulligan.



Partner Eddie DiRusso is a master tailor.



Raw materials.



"All my friends wear my clothes!" Barnes socializes mostly within her own industry.

# SUCCESS

turer's price of a garment are expenses: fabric, labor, overhead, promotion, advertising, salaries and profit. At that time Barnes was pricing some of her goods at a mere 10 percent above what it cost her to make them—a sure way to go out of business fast. A common markup is 30 to 50 percent.

Despite this lack of knowledge, the company made a profit of \$12,000 in 1978. It also bought about \$15,000 in fabric inventory from the two apparel-manufacturer partners, who left the company. DiRusso stayed on. Enter Jules Wang, a garment executive who had backed Bill Kaiserman, a top designer of men's and women's wear.

The company became a three-way partnership—Barnes, DiRusso and Wang—under the name

Jhane Barnes Inc. and moved to its present loft headquarters, a 5,000-square-foot space that rents for \$2,200 a month. In addition to the cutting and shipping rooms, Barnes installed her own room with a loom, a knitting machine and a dyeing machine. In 1977 she had begun to design her own fabrics, made exclusively for her by two mills in Rhode Island.

Because Barnes weaves her own fabric samples and arranges for special, exclusive fabrications, the company must pay for and take delivery of fabrics at least two to three months before cutting it. Therefore the company is *factored*. In simple terms, factoring is the purchasing of a company's receivables—the invoices that are due to be paid by its clients—by a financial institution. The institu-

tion, which could be a private factor or a factoring division of a large bank, assumes the risk and responsibility of collecting those receivables. In return for acting as, in effect, a company's credit department, a factor charges 2 to 3 percent above the current prime rate of interest.

"A company such as Jhane Barnes Inc. can probably reach \$2 million with less of its own capital if it uses a factor," says David Rubin, president of Republic Factors Corporation, a wholly owned subsidiary of the Republic National Bank. "Factoring permits a growing company to reach higher sales and profits and guarantees the credibility of its customers."

The future? Barnes says she would like to do more things with design: "sheets, a whole linens

package, shoes, jewelry. But I don't want just approval of my designs, I want total control."

At the latest count, the company is "actively considering" several licensing possibilities, but no agreements have been signed. It may take some time; Barnes's prices are quite high because of her meticulous tailoring, a factor that might put off some manufacturers.

Meanwhile, Barnes's success continues. Says Roberto Mitrotti, president and owner of Madonna, Inc., a boutique with branches in New York and California: "I believe Jhane is the ultimate American designer—even if Calvin Klein does more than her volume in *socks*. In terms of innovation and the technology of fabrications, she is three to four years ahead of the market." ■



To help develop a broad audience, Barnes is considering licensing. But she would prefer a smaller company so that she can maintain careful supervision. There are certain corners Barnes will not cut



PHOTOGRAPHED BY MICHAEL O'BRIEN HAIR AND MAKEUP BY EMILY PATTNER