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2005's
influential
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California's fashion industry held its own in 2005 amid sweeping global changes that included ever-shifting international trade policies in Asia and Central America and the formation of the largest department store chain.

Orange County-based surf chains racked up accolades and public investment funds. The local industry saw the introduction of more celebrity backed labels and premium denim brands. Fashion's largest trade show expanded even further. And the industry had a chance to recognize its best and brightest with the introduction of a new fashion awards event.



ASAP Show

Instead of bringing overseas apparel factories to a trade show to show off their manufacturing skills, this year, Frank Yuan put together a trip for industry people to visit China and see the source of their sourcing. Yuan, chief executive of ASAP Show Inc., organizes sourcing shows that run concurrently with MAGIC Marketplace in Las Vegas and Material World in New York and Miami.

For many, this was their first view of the Middle Kingdom, which now makes a little more than 25 percent of all the clothes sold in the United States.

For two weeks in May, about 80 people toured the apparel hot spots of China: Shanghai, Suzhou, Hangzhou, Guangzhou and Shaoxing.

In each city, the eclectic mix of Europeans, Americans and South Americans met apparel makers and visited their factories.

Only a few on the trip placed orders. Most jotted down notes, asked for samples and decided to see how apparel quotas in effect until the end of 2008 would influence their sourcing.

One of the most lasting impressions for many was the number of huge clothing factories and the low labor costs. On average, a Chinese apparel worker makes about \$84 to \$100 a month, which includes working on Saturdays. A minimum-wage worker in the United States makes about 10 times that amount.

Yuan conducted a similar sourcing trip to Pakistan and Bangladesh in November. He is planning a second China trip in May 2006 that will be more abbreviated than last spring's trip. It will be only 10 days long and stop in three cities: Shanghai, Hangzhou and Jinjiang.—Deborah Belguin

California Market Center

The California Market Center is still the grand dame of the Los Angeles Fashion District, despite growing competition from neighboring fashion buildings. The 30-year-old center with nearly 3 million square feet of showroom space was purchased in May by Los Angeles real estate firm Jamison Properties Inc.

Jamison has hit the ground running. New managers have undertaken an ambitious renovation of the penthouse floors of the A and B buildings. The company also hopes to maintain CMC's role as the chief venue for trade markets on the West Coast. It staged its biggest market in a decade in October. It also expanded Glow and signed leases with heavy hitters such



think big: China is filled with enormous textile factories that are flooding the world market with apparel.



showTime: The California Market Center had record attendance levels during market weeks this year.



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as Puma, Ben Sherman and The Doneger Group buying office. Though Jamison has little experience in managing an apparel showroom center, the Los Angeles real estate company is respected throughout the industry as a landlord and investor. Led by David Lee, Jamison manages and leases more than 90 properties throughout the country totaling more than 12 million square feet with a market capitalization of more than \$1 billion. Aside from the CMC, Lee's other key acquisitions this year included Macy's Plaza in downtown Los Angeles, which contains 700,000 square feet of retail space; Airport Center at LAX; and an office building and two parking structures on Century Boulevard. Jamison's CMC renovation includes 75,000 square feet of new exhibition space and 35,000 square feet of showrooms, set to open in January and April of 2006.—*Robert McAllister*

Central American Free Trade Agreement

For a while, the Central American Free Trade Agreement looked like it was headed to the morgue. But after three hours of debate during a late-night session, the House of Representatives in July approved the pact on a 217–215 vote. The U.S. Senate approved the trade agreement in June on a 54–45 vote. The trade pact eliminates almost all duties and trade barriers between the United States and Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and the Dominican Republic. Every country except Costa Rica has ratified the agreement. Costa Rica's president sent the pact to Congress in October. It still hadn't been ratified by early December, but the free-trade deal is expected to go into effect in early 2006. The free-trade pact helps apparel companies looking to hedge their sourcing risks by making it more economical to make clothes in Central America. The region's advantage is its geographic proximity to the United States, which makes it easier to fill quick-turn orders. CAFTA creates the second-largest U.S. export market in Latin America after Mexico. It is also considered the steppingstone to setting up a free-trade zone stretching from Alaska to Argentina in the Free Trade Agreement of the Americas, something the Bush administration has been pushing. Several California textile firms have established apparel and textile factories in Central America, hoping to take advantage of the free-trade deal. Those include Twin Dragon Marketing Inc., a Gardena, Calif., company that makes and converts mostly denim and twill fabric.—*D.B.*

Celebrity Lines

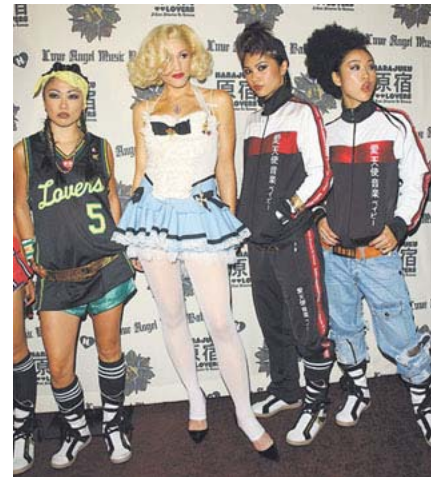
Gwen Stefani, Beyoncé Knowles, Jessica Simpson and Justin Timberlake were among celebrities who made news this year moonlighting as apparel designers. Stefani, who launched a designer line called L.A.M.B. in Spring 2004, partnered this year with Van Nuys, Calif.-based apparel manufacturer Jerry Leigh Apparel to launch Harajuku Lovers, a moderate lifestyle brand for men, women and children. Basics-driven Harajuku Lovers is made up of T-shirts, sweat shirts and the like. Retail price points are \$30–\$90. The line launched with Spring 2006 and is carried by national retailers such as Urban Outfitters as well as boutiques, including Kitson, Fred Segal and Yellow Dog in Los Angeles. Pop-singing diva Knowles made fashion a family affair when she and her mother, stylist Tina Knowles, partnered with Los Angeles-based Tarrant Apparel Group to create the House of Deréon. The line of ready-to-wear, sportswear and denim is sold in better specialty stores and department stores around the country, including Marshall Field's and Macy's. House of Deréon bowed at Fashion Coterie in New York in September, but an appearance on Oprah Winfrey's show in November propelled the brand into the public consciousness. Singer and actress Simpson got into fashion in a big way in 2005. In January, Tarrant announced a licensing deal with Simpson to make several collections with her name. The Jessica Simpson Collection initially sold at Charming Shoppes Inc. outlets. JS by Jessica Simpson and Princy are sold at department stores such as Macy's and Dillard's. Grammy-winning pop star Justin Timberlake debuted William Rast, a line of men's and women's sportswear, in November. Timberlake partnered with friend Trace Ayala and denim-maker Danny Guez to create the line, which is named after Ayala's and Timberlake's grandfathers. Retail price points are \$23–\$59 for T-shirts and \$125–\$225 for denim. Kitson boutique owner Fraser Ross reported selling \$30,000 in William Rast apparel in three days after his shop hosted a party for the line in November. Despite the glut of celebrity lines, manufacturers and retailers seem excited about big names on apparel tags. "Celebrity brands can be successful, depending on the category and market segment. They are very attractive to millennial girls who think celebrities are great," said Cheryl Swanson, president of Toniq LLC, a brand-strategy consultancy in New York.—*Erin Barajas*

Charity

Hurricane Katrina roared into New Orleans in September, bringing epic flooding and massive destruction. Within days of the catastrophe, the California apparel community was mobilizing, collecting clothing, supplies and much-needed funds to help the displaced people of New Orleans and surrounding communities. From retail giant The Gap to Los Angeles designer Jacquelyne Love (and



Trade Deal: Guatemala is among the countries that could benefit under CAFTA.



singer/designer: Gwen Stefani, second from left, with her Harajuku girls, launched the Harajuku Lovers line this year with partner Jerry Leigh Apparel.



one of the boys: Actor John Stamos, center, plays with Mike Love, right, and the Beach Boys at a hurricane Katrina fundraiser that featured a Jacquelyne Love fashion show.

husband Mike Love of the Beach Boys), the industry opened its heart to the hurricane's victims. California Apparel News joined the efforts of the Cooper Design Space and the California Fashion Association in raising money through a charity sample sale spearheaded by Warnaco Swimwear Group President Roger A. Williams.

This year saw a number of devastating natural disasters. The apparel industry stepped up to collect money and relief supplies for the victims of the tsunami in Southeast Asia, the earthquake in Pakistan and the deadly mudslides in Guatemala.

The industry's generosity is part of a longstanding tradition of helping those in need. The Fashion Industries Guild has helped build the pediatric facilities as well as funded other projects at Cedars-Sinai Medical Center in Los Angeles. Members of the industry contribute hundreds of thousands of dollars to the City of Hope Medical Center in Duarte, Calif. The California Fashion Foundation, the philanthropic division of the California Fashion Association, raises money for programs such as Operation School Bell, which provides clothing and personal grooming products to Southern California schoolchildren in need. In November, Lucky Brand Jeans hosted its ninth annual Black Tie and Blue Jeans Gala, which raises funds for children's charities. And this month, the Textile Association of Los Angeles will host its 61st annual Holiday party for local children from boys and girls clubs and after-school programs.—Alison A. Nieder

Cooper Design Space

The red-hot women's contemporary market continues to grow, and the Cooper Design Space in Los Angeles is growing along with it as a buyer destination. In less than two years, the venue, managed by Steve Hirsh, has grown to more than 60 tenants, mostly from the contemporary sector. The growth isn't just due to overflow from neighboring buildings. The Cooper is being sought out by big brands that appreciate its high ceilings, loft-like environment and growing community spirit. The recent signing of denim king 7 for All Mankind is a testament, as are existing tenants including Pegah Anvarian, Michelle Mason, Ya Ya and Serfontaine—a strong representation of emerging West Coast style.

The building is also becoming a key show venue. The popular Designers & Agents, which hosts its show at The New Mart and the Cooper building, expanded its show to two floors this year, running the show twice a year. The Cooper also serves as a venue for film and television and many corporate events, which helps to draw attention to the Los Angeles Fashion District.

Proprietor Hirsh maintains a strong profile in the industry. Beyond serving as chairman of the Fashion District Business Improvement District board, he is also on the board of The Intersection, which promotes Los Angeles fashion to the world.—R.M.

Council of Fashion Designers of America

In May, a veritable who's who of Los Angeles fashion turned out for a party at the Beverly Hills home of designer Diane Von Furstenberg thrown by the Council of Fashion Designers of America. The party served to introduce the New York-based organization and its programs to West Coast designers and kick off the organization's outreach efforts in California. "In recent years, there's been a real critical mass of L.A.-based designers," said Peter Arnold, CFDA's former executive director earlier this year. "There's a profound group of designers out there who are based there and not in New York, and they're thriving."

Of the CFDA's 273 members, about 30 are based on the West Coast. The nonprofit organization, founded in 1963, is perhaps best known for launching the 7th on Sixth runway shows in New York's Bryant Park. In 2001, the organization sold the event, now called Olympus Fashion Week, to IMG, which also produces Mercedes-Benz Fashion Week at Smashbox Studios in Culver City, Calif. The annual CFDA Fashion Awards were founded to honor established fashion companies as well as up-and-coming talent. Past honorees include West Coast designers such as Richard Tyler and Rick Owens.

In addition, the organization contributes to many philanthropic causes. The CFDA Foundation raises funds for Fashion Targets Breast Cancer. The CFDA/Vogue Fashion Initiative helps people living with HIV and AIDS. Fashion for America was formed with Vogue to help "restore consumer confidence and drive retail traffic" in the wake of the Sept. 11 terrorist attacks.

The group also awards scholarships and "Masters Program" internships to designers. The CFDA/Vogue Fashion Fund provides resources and mentorships to new fashion designers. In October, Newport Beach, Calif.-based label Trovata landed the CFDA/Vogue Fashion Fund award, which includes \$200,000 and a year's worth of business mentorship.—A.A.N.

Fashion Business Inc.

Fashion Business Inc. has continued to provide industry-specific seminars to new apparel businesses, helping them to take creative ideas and turn them into thriving fashion companies that can navigate potential minefields, such as department-store chargebacks and new technologies.

In 2005, FBI offered a new twist. It took its message on the road. Frances Harder, president and founder of FBI, has given monthly seminars in San Francisco and San Diego. By 2006, up-and-coming apparel manufacturers will be able to take advantage of the same seminars that have been popular in Los Angeles.

The L.A. seminars, taught by industry luminaries such as Henry Cherner, Gabriele Goldaper, Richard Stern, Pam Roberts, Robert Silverstone and Bruce Dobbs, are being taped and recorded on DVD, which are shown at San Francisco and San Diego conference-call seminars.



Cooper chic: Cooper Design Space increased its stake in L.A.'s contemporary market.



CFDA President Stan Herman and Diane Von Furstenberg



Frances Harder

FBI also will be introducing a fashion industry-specific computer-training program in 2006. The program, called the Employment Training Program, will offer companies courses on apparel-business software such as Apparel Information Management System, Gerber Technology and TUKAcad by Tukatech. It was set up in conjunction with Community Career Development Inc. Companies could be reimbursed for part of the cost of training, up to \$20 per hour per person, depending on the size of the business.

Harder said her last six years running FBI have transformed her from a former design professor into the chief of a successful nonprofit. For students such as Alicia Estrada, president of Los Angeles-based Stop Staring! Designs, Harder and FBI's classes have provided a chance for real growth. "If I didn't go to FBI, I would have made a lot of big mistakes. I just may have lost everything," Estrada said. But, she said, she soaked up FBI's wisdom, and in 2005, the city of Los Angeles named her the minority businesswoman of the year.

Next up for Harder and FBI is Hong Kong Fashion Week, where members will show their wares to an international audience at the trade show's World Boutique.—Andrew Asch

Federated/May Co. Merger

When Federated Department Stores Inc. Chairman Terry J. Lundgren announced the merger of his company and The May Department Stores Co. on Feb. 28, he said the \$11-billion deal would create a department store that would have a genuinely national scope and outlook. Almost nine months later, Californians are still trying to figure out how the merger will reshape their retail landscape.

The initial results of the deal were painful for Californians. Federated announced it would close more than 26 of its stores in California, mostly Robinsons-May sites. Lundgren said they would reemerge as Federated's Macy's or Bloomingdale's stores or be permanently shuttered. In September, a Robinsons-May warehouse in North Hollywood, Calif., was closed, and 1,100 people lost their jobs.

Some economic analysts believed that after the closures, the newly vacant real estate would allow mall owners to experiment with new retail concepts for their centers. George Whalin, president of Retail Management Consultants, agreed that change is afoot but said it won't be earth-shattering. "For years, the cornerstone of the mall has been the department store," he said, "and it should continue to be for the foreseeable future."

He said discounters and other department stores may be the biggest winners in the merger. Wal-Mart and Target are both expected to depend less on freestanding sites and experiment with real estate space already available in malls. California sites are ripe for the picking for other department-store companies such as Nordstrom, Dillard's and H&M, which recently opened two stores in San Francisco.

Another winner should be manufacturers who aspire to be vertical retailers, according to Jack Kyser, the chief economist for the Los Angeles County Economic Development Corporation. "The Federated merger will bring homogenization," Kyser said. "If you want something new, you're either going to shop at a high-end store or something that's owned and operated by manufacturers." —A.A.

Ilse Metchek, California Fashion Association

Ilse Metchek, executive director of the California Fashion Association, is the unofficial voice of the West Coast fashion industry, a role she has played for the last 10 years. She serves as the key source in the industry for world media, trade organizations and legislators. And much of the information distributed on manufacturing, fashion and the industry in general is a result of Metchek's considerable experience as a designer, manufacturer and industry executive.

In her highly visible role, Metchek has helped to steer the CFA into becoming one of the industry's most important resources for education and business development.

The nonprofit agency is the industry's conduit to legislation and issues that affect the industry. It is also instrumental in promoting local manufacturing and resources beyond the region.

This year Metchek traveled to Sri Lanka on a "brand-building" trade mission, and at home, she hosted meetings with trade executives from France, Australia, Pakistan and other countries. The CFA held seminars on subjects affecting the industry including quota-free trade, worker safety and chargebacks. The organization is also working with Cal State Los Angeles on its new textile certificate program, which helps industry workers upgrade their skill levels and continue their textile education.

On the fundraising front, the CFA raised more than \$80,000 for scholarship donations through its charitable arm, the California Fashion Foundation. This year, the CFF celebrated its 10th anniversary with the first CFF Charity Poker Tournament at the Hollywood Park Racetrack and Casino in Inglewood, Calif. The organization also staged a sample sale benefiting victims of Hurricane Katrina, raising more than \$55,000, and co-sponsored the L.A. Fashion Awards.—R.M.

L.A. Denim

The Los Angeles-based premium denim market had legs in 2005. Although reports varied as to the size of the denim market (some pegged the business at \$11 billion; others went as high as \$14 billion), all agreed that the epicenter of the premium denim market is squarely in Los Angeles.

Following the lead of L.A.'s denim leaders, many East Coast jeans brands have opted to produce their lines in Los Angeles to take advantage of the



Federated Department Stores merged with May Co. in February.



Ilse Metchek



whew: Stronghold takes cues from vintage togs to create its jeans, which carry a \$1,000 price tag.

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expertise of the local contractors and dye houses.

And L.A. labels continued to develop new styles, treatments and price points for premium denim.

True Religion Apparel Inc., one of the business' hottest brands, had a banner financial year. Selling jeans that retail as high as \$425, the label expects to top \$102 million in sales for the 2005 fiscal year. Gross profit in the third quarter ending Sept. 30 increased to \$18.4 million compared to \$3.5 million in the third quarter last year. The company's stock was trading at \$15.64 at press time.

The company's momentum led to the opening of a flagship store in Manhattan Beach, Calif., this month. The 900-square-foot store carries the brand's denim collections for men and women, as well as non-denim collections.

Antik Denim, one of the brands developed under the Blue Concept Inc. umbrella by veteran denim maker Paul Guez, went public in April via a reverse merger. The brand, easily recognizable by its heavily embellished back pockets, is a perennial favorite among starlets. Capitalizing on Antik's popularity, the company launched a line of jeans for kids this year, complete with the signature pockets.

Raising the question of just how high the price of premium jeans can get, Stronghold introduced jeans that retailed for \$1,000. Made of hand-woven and hand-dyed Japanese selva denim, the jeans featured design details gleaned from historical garments. Serfontaine designer Mik Serfontaine collaborated with Italian jewelry designer Ugo Cacciatori to create super-luxurious denim that featured pure silver filament stitching; wholesale prices started at \$400.

On the opposite side of the spectrum, the label that invented the ultra-low-rise jean, Frankie B., introduced a new collection, called B. United, which features higher rises and cleaner washes. Frankie B. designer Daniella Clarke wasn't the only designer looking to raise the standard for jeans waistbands. New designer Jaycia Gayle charted similar territory with her premium denim line, Jainesse, which features several high-waisted jeans and jumpsuits styles.—*E.B.*

L.A. Fashion Awards

Los Angeles designers and executives turned out to honor their own at the inaugural L.A. Fashion Awards, held during Los Angeles Fashion Week in October at the Orpheum Theatre in downtown Los Angeles.

Among the winners at the Oct. 21 event were Petro Zillia designer Nony Tochtermann, who took home the Moss Adams Fashion Innovator Award; Trina Turk, who was given the award for Fashion Achievement; Ron Herman/Fred Segal-Melrose, which received the Fashion Retailer Award; and American Apparel, which was given the award for Marketing Excellence. Rosemary Brantley, founding chair of the fashion department of Otis College of Art + Design, was given the Inspiration Award. Women's Wear Daily West Coast Bureau Chief Rose Apodaca received the Fashion Communication Award. And Costa Mesa, Calif.-based Volcom was presented with the Nasdaq IPO of the Year.

The awards, created and produced by former California Market Center executives Jen Uner and Mary Hill, renewed an awards tradition that had been missing from the California fashion calendar for several years.

The California Market Center previously hosted the California Designer of the Year awards, an annual gala that recognized a designer or brand as Designer of the Year, as well as an up-and-comer as California Rising Star. Turk received the California Designer of the Year award in 1998, the same year Cynthia Vincent was recognized as Rising Star. The awards were put on hold in 2000, after Equitable Life Assurance sold the CMC (then called the CaliforniaMart) to Hertz Investment Group. The CMC is now owned by Jamison Properties.

Uner and Hill lined up an impressive list of sponsors, including Moss Adams LLP, Nasdaq, FedEx, Wells Fargo Century, Apparel Magic, Much and House Public Relations, the Cooper Design Space, the L.A. Fashion District, CIT, 24Seven, Security Textile, Security Sourcing and Swift Europe, the Cloutier Agency and FTC Commercial Corp. Media sponsors included California Apparel News, Angeleno magazine, LA.com and LA Weekly.—*A.A.N.*

MAGIC/Advanstar

The MAGIC International division based in Woodland Hills, Calif., expanded its New York-based Advanstar Communications and tightened its grip on the trade-show scene by acquiring the growing POOL and Project apparel shows over the summer. The company puts on the massive MAGIC Marketplace, the main showcase for the apparel industry, every August and February.

For the last few years, satellite shows have been attempting to steal some of MAGIC's thunder and made some inroads in growing merchandising categories such as contemporary, upscale menswear, and swim and beachwear. Advanstar executives were able to wield the power of the \$380-million company by acquiring the Los Angeles-based contemporary and streetwear show POOL and the New York-based menswear resource Project. As a result, Advanstar is tapping into niche markets that are expected to bring more balance to the company's trade-show offerings. The shows will continue to operate independently with their original founders at the helm.

MAGIC, meanwhile, continues to grow at its main venue. A new women's accessory showcase called MODEurope will debut Feb. 22-24 in Las Vegas. The new show will highlight 60 brands from Europe and beyond and will complement the newly launched Jewelry Marketplace by JCK (formerly JCK at MAGIC). Platform, a showplace for premium and contemporary lines, and High 5, a streetwear area, will also grow by 20

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booths each this February. The trade show also partnered with the ISAM (International Swimwear and Activewear Market) show to bring its annual swim and beachwear offerings to MAGIC each August. August's show broke the 100,000 attendance level for the first time, and included 3,600 companies and 5,000 brands.—*R.M.*

Melrose West

Melrose Avenue in Los Angeles has long been a focal point for counterculture retailing spanning a stretch from La Brea Avenue to the corner of Crescent Heights Boulevard, where Fred Segal (now known as Ron Herman/Fred Segal-Melrose) has been the standard bearer for high-end fashion retailing since the 1960s.

In recent years, Melrose Avenue between Fairfax Avenue and La Cienega Boulevard has evolved into a haven for contemporary and designer boutiques, and in 2005, the western end of the street hit critical mass as one of the city's premier upscale fashion destinations.

New York-based designer Marc Jacobs confirmed fashion's avid interest in west Melrose when he opened two stores on the street in March. That same month, Italian design house Marni opened a boutique one block away.

The street also welcomed new fashion boutiques from major companies, such as Adidas and Antik Denim, as well as independent boutiques, such as Creatures of Comfort, We of the Never-Never and the stores of fashion houses Gemelli and Tarina Tarantino.

This block party continued with British designer Paul Smith's Dec. 8 opening of his highly anticipated store on the corner of Melrose and Harper avenues.

The street's allure for some fashion retail executives could be boiled down to the notion that it offers something different, said Luca Voarino, vice president of Marni USA. "It's not a quote-unquote fashion street."

But that is changing as the businesses that helped build low-key charm on the western half of Melrose, such as the furniture stores and art studios, are moving out and commercial renters with deeper pockets are moving in, says Chuck Dembo of venerable Beverly Hills, Calif., commercial real estate firm Dembo & Associates.

Lease rates have jumped 20 percent in the last year, and a square foot of commercial space in some of the larger buildings goes for \$9, according to Robb Bader, of Beverly Hills, Calif.-based Sachse Real Estate.

However, the vacancy situation is an improvement compared to another Los Angeles fashion destination: Robertson Boulevard.

Robertson is "locked as tight as a drum," Dembo said. "But people are looking at both streets. Everybody is jumping around."—*A.A.*

Pier Pass

After several false starts, the long-awaited OffPeak program created by PierPass Inc. was launched July 23, opening up the ports of Los Angeles and Long Beach at night and on Saturdays.

In the past, the twin ports operated 8 a.m.–5 p.m. Mondays–Fridays.

Now the ports' 12 cargo-container terminals are open 8 a.m.–3 a.m.

Mondays–Thursdays and 8 a.m.–5 p.m. Fridays and Saturdays.

With the ports open longer hours, the cargo congestion problem that was so prevalent in the latter half of 2004 was practically nonexistent in 2005.

At its worst in the fall of 2004, there were about 90 ships either docked or waiting at anchor to get into the port. Currently, there are about 45 to 50 ships in port or anchored every day. "I think it has gone rather well since we have only been doing this since July 23," said Bruce Wargo, president and chief executive of PierPass Inc.

During peak season, about 10,000 trucks a day were operating during off-peak hours, in an effort to relieve daytime congestion on the local freeways.

The extended hours are great for shippers who want to receive their goods faster. But it comes at a price.

To pick up or deliver containers during the peak period of 8 a.m.–6 p.m., shippers have to pay \$40 for each 20-foot container and \$80 for each 40-foot container. The fees are to fund the \$160 million a year it takes to keep the OffPeak program running.

Shippers are pleased that during the peak season, cargo is no longer sitting on ships three to six days waiting to be unloaded. Last year, the delay created havoc for those trying to get their goods to retailers on time. However, the thousands of independent truckers who now have to work late at night are less than pleased. Their new work schedule means they aren't home with their families in the evening. Also, cargo theft is more prevalent in the middle of the night.

With quicker turns, some truckers, who are paid by the load, are making a little more money. Others say they are not.—*D.B.*

Ron Herman

For more than 35 years, Ron Herman has pioneered the concept of the California specialty store with his Ron Herman and Ron Herman/ Fred Segal-Melrose boutiques in Los Angeles and Santa Monica, Calif. The shops sell designer collections that are new and often edgy, but the stores also offer an atmosphere that is friendly and welcoming to all who want to learn more about fashion.

With such a reputation, Herman could spend the rest of his career on autopilot and still be celebrated as one of California's great retailers. But in 2005, he opted to launch new ventures.

In September, he jumped into e-commerce with the launch of RonHerman.com, which features the brands and styles sold at the Ron Herman stores.

In August, he opened the Free City Superstore in Malibu, Calif. The 1,600-

square-foot store sells denim sportswear and T-shirts bearing the slogan Free City.

He also debuted the Ron Herman Design Studio at the Coterie Fashion Trade Show in New York in September. The separates line is a partnership with 7 for All Mankind's new More 7 division. The contemporary collection will bow for Spring/Summer 2006 at stores in 7 for All Mankind's distribution network.

Herman said these ventures have nothing to do with burnishing his reputation or stroking his ego. They have everything to do with the thrill of discovery. "I may be reaching my stride. I don't know what my future is or what my goals are," he said. "But this is my world, and I'm enjoying it."—A.A.

Safeguards

Apparel importers started 2005 off in a relatively quota-free world—that didn't last long.

Domestic apparel and textile manufacturers, who had already started filing safeguard petitions at the end of 2004, were successful in getting temporary quotas established for a number of items made in China. That meant that 2005 import quotas on various categories could not exceed 7.5 percent of the previous year's level.

By summer, it was impossible to import socks, underwear, cotton pants and cotton knit shirts from China because the quotas had been used up by then. Other items that were embargoed later in the year included man-made fiber trousers, man-made fiber shirts and synthetic filament fabric. The number of safeguard petitions continued to grow during the year, making it impossible to predict when textiles coming from China would be stopped at customs and embargoed for the rest of the year.

To add more predictability to the equation, the United States and China spent weeks negotiating a textile agreement that was finally signed on Nov. 8. The agreement, which runs from 2006 through the end of 2008, covers 34 types of apparel and textile imports. In 2006, apparel imports can rise 8 to 10 percent and textile imports can rise 12.5 percent. In 2007, there will be a 12.5 percent across-the-board increase, and in 2008 that goes up to 15 to 16 percent.

After the agreement was signed, the Bush administration said it would not consider for approval 24 safeguard petitions covering 42 different kinds of apparel.—D.B.

The Sage Group

Many small apparel companies dream of growing up and being bought by a bigger company.

This year, The Sage Group LLC helped several California companies make that dream come true.

The Los Angeles investment-banking group negotiated acquisition deals for C&C California Inc., a high-end women's T-shirt company in Los Angeles; Junkfood Clothing, a Los Angeles venture that makes a line of nostalgic T-shirts; Prana, a line of yoga, climbing and outdoor clothing based in Vista, Calif.; and Draper's & Damon's Inc., a women's retail chain headquartered in Irvine, Calif.

Early this year, New York-based Liz Claiborne bought C&C California for \$28 million plus additional payments that are expected to total anywhere from \$30 million to \$50 million.

In August, with the help of The Sage Group, Atlanta-based Delta Apparel Inc. bought Junkfood's parent company, Liquid Blaino Designs, for \$22.5 million, with other payments to be made later.

In early November, Liz Claiborne Inc. agreed to buy Prana for \$34.4 million, plus additional payments in 2008, 2009 and 2010 based on Prana earnings.

A few weeks later, Golden Gate Capital, a San Francisco private equity investment firm, acquired Draper's & Damon's for an undisclosed price.

The Sage Group is no stranger to the apparel world. In previous years, the group has brokered deals for Earl Jean Inc., a Los Angeles contemporary line sold to Nautica Enterprises Inc. for \$86 million; for Ocean Pacific Apparel Corp., which was purchased by the Warnaco Group for \$41 million; and for Juicy Couture, which was sold to Liz Claiborne for \$53 million plus a percentage of sales.—D.B.

Trovata

The boys at Newport Beach-based Trovata have beguiled the fashion industry this year with their preppy-chic designs.

The company's blue-ribbon year kicked off when the designers—Jeff Halmos, Sam Shipley, John Whitledge and Josia Lamberto-Egan—received a \$25,000 grant from the Ecco Domani Fashion Foundation that funded their runway debut during New York Fashion Week in February.

The quartet, who previously focused on menswear, took advantage of the show's high visibility to introduce their new women's collection. "It was a great opportunity to put a spotlight on the brand, especially internationally, because people come from all over the world to New York's Fashion Week," Halmos said.

It's easy to see the attraction to the brand. Known for their surfer dude-meets-old money fashions, Trovata's designs have a cinematic quality about them. Each collection is created around a narrative, and the pieces are concocted to carry the characters through the tale. Patches printed with slices of the story line are stitched into garments, from tweed blazers to a wool trench coat with mismatched buttons.

In October, Trovata was nominated for the Moss Adams Fashion Innovator Award at the first Los Angeles Fashion Awards. The award went to Petro Zillia designer Nony Tochterman, but the message to the fashion industry was clear: These kids are contenders.

As the year came to a close, Trovata scored its biggest coup. On Nov. 10, the Council of Fashion Designers of America and Vogue magazine presented the designers with the much-coveted CFDA/Vogue Fashion Fund award. The award, which includes \$200,000 and a year's worth of business mentorship from industry luminaries, seems like a plot point in one of Trovata's story lines: Local boys score big award in the big city, make good, wear fabulous clothes in the process.

"Winning the award is huge for us, especially going into 2006," Halmos said. Next up, the hometown heroes and fashion darlings are gearing up for a year of growth and planning their return to New York Fashion Week in February.—*E.B.*

Volcom

On June 30—14 years after action sports apparel manufacturer Volcom Inc. burst onto the scene—the Costa Mesa, Calif.-based company made its debut on the Nasdaq. On its first day of trading, the company's stock opened at \$19 a share (well above its initial anticipated price of \$15 to \$17) and climbed to \$31.20 before closing at \$26.77. Volcom offered about 4.7 million shares to raise \$89.1 million—\$74 million of which went to the company.

Nearly six months after its initial public stock offering, the company announced a secondary offering. This time the stocks would come from company insiders, giving executives and directors a chance to cash in on Volcom's success. All money raised from the sale of the 5 million shares will go directly to the individuals, not the company. At press time, no date had been set for the sale.

Executives at the company declined to comment on the sale or Volcom's phenomenal year, citing a "quiet period" following its announcement of the secondary offering.

As one of the most recognizable action sports brands, Volcom built its success on its street credibility. (The company's slogan is "youth against establishment.") Skate rats, surfers and wannabes bought into the message in a big way—propelling Volcom to \$113.2 million in revenue in 2004 and \$116.25 million in net income for the nine months ending Sept. 30, 2005.

Retailers also showed their love for the brand in 2005. In May, 600 retailers and the Surf Industry Manufacturers Association awarded Volcom with two Surf Image Awards, honoring the company as manufacturer and women's brand of the year.

Not bad for a company that started with a \$5,000 loan from Chief Executive Officer Richard Woolcott's father, René Woolcott.—*E.B.*

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