

Waitex Takes on Pencil Pushing Clothiers

| By Scott Goldstein

Apparel makers resist change, but their customers insist

The hardest part of the job for clothing manufacturers can be satisfying the demands of big department stores. They've all adopted high-tech systems for tracking inventory and handling orders. Now they want their suppliers to do the same. You'd think any company that helps clothing companies play electronic catch-up would have an easy time finding willing customers. In fact, it has been an uphill battle for Waitex.

The New York City-based distributor -- which has all but one of its 15 warehouses in New Jersey -- has already built a successful trucking and warehousing business. In addition to shipping its customers' garments, it can press, tag and package them and handle order processing as well.

Waitex now faces a major new challenge: trying to convince manufacturers in the resolutely low-tech textile industry to spend money on its supply chain management software.

It's no easy task.

Leslie Melcher, who was recruited from outside the industry last

year to become Waitex's chief technology officer, says he was stunned to discover that many textile companies use antiquated software -- if they use computers at all.

Younger and startup manufacturers seem open to the new technology, reports Melcher, but traditionalists tell him, "I can do it better with a pencil," or, "I don't have the money."

Waitex introduced its system for providing suppliers with up-to-the-minute inventory and shipment data two years ago. Only since January, says Melcher, has interest started to mount, with 25 new clients -- most of whom also use Waitex's other services -- adopting the software this year.

The current system sends out information via e-mail. Waitex is also considering creating a Web-based system that would make the process faster and possibly easier for doubtful customers to adopt.

Clients include Nautica, Tahari, Jacob, Siegel, rapper Jay Z's urban-fashion line Rocawear and Jennifer Lopez's J.Lo Line.

The software works like this: When a retail order is punched into the computer, the system immediately informs the New Jersey warehouse via e-mail what items need to be sent. The warehouse staff tells the system when the merchandise is shipped.

Like the supply-chain system used in other industries, the Waitex software can also tell the manufacturing plant, be it in Manhattan or Singapore, what needs to be manufactured. The manufacturers' executives can keep tabs on all this activity from computers at their corporate headquarters.

"[The system] tracks everything from pro-

duction to delivery to accounts receivable," Melcher says.

"It was painful the old way because you didn't know what you shipped and when you shipped it," says Michael Pradieu, an information technology manager at GMR Fashion, a Manhattan-based sportswear and evening wear manufacturer that uses Waitex software to follow its shipments and orders. "Before, we had to pick up the phone and call and wait until they sent us a paper report. Now we can track everything."

With this service, according to Waitex CEO Howard H. Li, his outfit has become the only one in the country that offer clothing manufacturers the space to store their merchandise and the technology to manage it.

"We are more than trucks," says Li. "We are the processing. This is the future." Perhaps, but he acknowledges that the firm's annual sales of \$65 million a year over the past three years have been based on the strength of its warehouse business.

Li, who immigrated from Hong Kong 26 years ago, built Waitex from six employees and 3,000 sq. ft. of space in 1981 to today's 800 employees and 2 million sq. ft. of warehouse space centered around the Meadowlands. About 65% of the merchandise handled by Waitex is apparel. The rest is toys, shoes, costume jewelry and cosmetics.

Waitex has 365 warehouse clients and Li expects that to increase to 500 within a year, thanks to space at a recently acquired Passaic site and a planned expansion at its Bayonne warehouse. The company hopes this will spur the software business, too, since only 15% of Waitex's current clients use all or part of a supply-chain management system.

"There's a low-tech way the textile industry has been doing things," Melcher says. "We have to overcome that mentality more than we have to overcome the market or any competition."

His obstacles include older-generation manufacturers that resist technology as well as language barriers. It is difficult to explain the benefits of the software to the Korean- or Chinese-speaking people who comprise the management in much of the industry, Melcher says.

There is, however, one elemental force that is pushing the garment industry into the information age: department stores. Retail giants like Bloomingdale's, Sears and Wal-Mart now demand that their suppliers accept computerized orders. In short, department stores are saying talk our language or don't talk to us at all.

This has forced manufacturers who want their garments in these desirable stores to either create their own online order processing system or hire a company like Waitex to do it for them.

Waitex has been catering to small- and mid-size companies and startups short on the money, staff or inclination to run complicated computerized systems. Those that have Waitex do their order processing pay a base price of \$1 per order. Manufacturers ready to integrate their business operations with Waitex's supply-chain product pay \$290 a month with discounts for volume. This buys the software, computers and technical support.

"We are competitively priced and our systems are linked to the warehouse, so we are an obvious choice," says Melcher.

Nicole Marold, a technology and operations manager at Manhattan-based Vicmark International, says Waitex management software has simplified life at her company. Vicmark manufactures, delivers and sells private label lines for department stores with factories in Singapore, Malaysia and Cambodia. "It's difficult to coordinate with people in the factory and the warehouse because there's a lot of room for error when you are dealing person-to-person," Marold says. "Now, we enter the information into the system and we don't need to talk to the warehouse."

"Now," she adds, "I have more time to concentrate on things I should be doing - like sales." And that's the attitude Melcher likes to see.



Leslie of Waitex is leading old-world clothing manufacturers into the computer age.