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The \$96 Billion Hack

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# Companies & Industries

## An Old Mill, Back in Fashion

▶ A century-old denim factory finds new life supplying makers of \$350 jeans

▶ "Them that got holes in them cost more than those that ain't"

In her 50 years as a denim weaver at **Cone Denim's** White Oak factory in Greensboro, N.C., Mildred "Mickey" Bolen has lived through layoffs, factory closures, and changing fashions—from the denim for blue-collar workwear she helped weave in the 1950s through the bell bottom era to the skinny and distressed looks that prevail today. Now, in a twist that belies the decades-long slide in U.S. manufacturing, Bolen, 77, finds her skills in hot demand.

Her employer has retrieved from storage old-school Draper looms that were retired in the 1980s when denim mills moved en masse to equipment that wove fabric more quickly and cheaply. Today's denim connoisseurs are demanding jeans like the ones their grandfathers wore, with character and imperfections. And they're willing to pay up to \$350 for them. The most authentic of those jeans can be made only on vintage fly-shuttle looms, so-called because a wooden shuttle hurls the yarn across the width of the cloth.

Bolen, clad in a smock with three floral pockets for her scissors, quills, and other tools of the trade, is happy to still be working after seeing so many friends leave over the years. Yet she's mystified by what passes for jeans these days. "People want a ragged look, like they're wore out to start with," she says. "Them that got holes in them cost more than those that ain't."

When Bolen first started at White Oak in the 1950s, Greensboro was a manufacturing hub that made everything from Vicks VapoRub to Newport cigarettes. In the late 1970s the region's textile mills and apparel factories began closing, followed by furniture manufacturers that had begun losing sales to China. White Oak's 107-year-old, red brick facility—America's oldest working



▶ The skills Bolen has acquired in 50 years as a weaver at Cone Denim's White Oak mill in Greensboro, N.C., are in fresh demand

▶ The mill's old-school looms turn out fabric for jeans prized by denim fans, who covet their imperfections and durability



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denim mill—has outlived its namesake, a massive tree that stood next to the mill, but much of the sprawling complex has been shuttered. The weave room that once stretched 400 yards is today a quarter as long.

In 2004 billionaire investor Wilbur Ross, chairman of **WL Ross**, bought Cone Mills and Burlington Industries out of bankruptcy and created **International Textile Group**. At the time global denim sales were rebounding, prompting Ross to merge two of the biggest denim makers and eliminate duplicative facilities and costs while expanding production in less-expensive emerging markets. While the economic downturn forced International Textile to idle a mill in

Nicaragua, the company still operates two in Mexico and one in China.

The White Oak facility and its 300 employees (down from 2,800 in the 1970s) survived thanks in part to fashion whimsy. “All of a sudden customers started asking, ‘Where’s the old look we used to have?’” says Bud Strickland, Cone Denim’s director of product development. “As the requests came, we decided to put those old looms back on the floor and try to recreate what we created in the old days.”

Aficionados crave “salvage,” or “self-edge,” jeans, which are more durable than the modern variety and develop a kind of patina over time. They’re made on narrower fly-shuttle looms that create a continuous, uncut edge—something jeans devotees can tell instantly from the characteristic edging inside the legs or when the bottoms are rolled up. These jeans began disappearing in the 1970s as U.S. mills switched to high-speed looms to compete with fabric going into cheap apparel. The newer machines operated much faster but produced a less idiosyncratic product. More recently, Japanese companies discovered a market for old-fashioned jeans, which have since caught on with hipsters around the world. White Oak stays open by “targeting a niche business,” says Kenneth Kunberger, International Textile’s chief operating officer. “The only place in the world where these Draper fly-shuttle looms are running right now is right here.”

That’s why Jeffrey Lubell, founder and chief executive officer of **True Religion Apparel**, buys most of his fabric from Cone Denim. “They produce very unique denim that you can’t get in high-speed looms,” says Lubell. “‘Made in America’ is extremely important to my brand.” **Levi Strauss** is another customer. Its vintage collection replicates fabrics from the White Oak mill’s archives. They fetch as much as \$325 a pair at Industrie Denim, a premium denim seller started last year by Levi’s and Mark Werts, founder of luxe retailer American Rag Compagnie. “Some mills make fabric; Cone makes history,” says Jonathan Kirby, vice president of design for the Levi’s brand.

The White Oak mill has long doubled as a research center. In the 1920s it developed a patented dyeing process. In 1969, after a warehouse flood soaked and soiled finished denim, workers cleaned the fabric and inadvertently created the first bleached jeans, according to company lore. This year, White Oak started making fabric from recycled plastic beer, soda, and water bottles. Another innovation: jeans that are less likely to sag as the day wears on thanks to a just-patented yarn process. “We can develop things here that we’d have a difficult time developing at our other plants because people don’t have the experience,” Strickland says.

Despite White Oak’s revival, International Textile continues to struggle after losing \$80.2 million last year. Still, global demand for jeans has rebounded from a decline in 2009 and sales of the priciest jeans, like those crafted from White Oak’s denim, will grow 3.7 percent to \$8.2 billion this year, says Euro-monitor International. “It is not a fad,”

### The jobs are vintage, too

U.S. textile employment  
(in thousands)



1990

2011

Will Romney  
abandon  
private equity?  
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says Todd Hooper, a retail strategist for consulting firm Kurt Salmon. "High-end [denim] is an established, growing part of the market, with jeans at \$170 and above a mainstay of many brands."

That's welcome news for Mildred Bolen, who honed her craft during a half century at White Oak. "I have wove from one end of this weave room to the other," she says. "I'm proud. I put food on the table and raised three young 'uns. I quit 500 times but didn't have time to go tell them." —Chris Burritt

**The bottom line** The remaining 300 workers at Cone Denim's White Oak factory, America's oldest denim mill, are producing fabric for very high-end jeans.

**Autos**

## Freeing Ford's Logo From Debtors' Prison

- ▶ The company seeks to win back rights to its iconic logo from banks
- ▶ "I will never forget signing those papers. My heart stopped"

Six years ago, **Ford Motor** was running out of time and money. To save the company, Henry Ford's great-grandson had to do something the founder never could have imagined—sign away the family name. In order to secure a \$23 billion loan, a syndicate of banks led by Citibank, Goldman Sachs, and JPMorgan Chase demanded as collateral the rights to the blue oval logo that surrounds the Ford name on the nose of millions of cars. "When we had to hock the blue oval, that was a very tough thing," recalls Bill Ford, the company's executive chairman. "I will never forget signing those papers. My heart stopped for a moment. It will start beating again when we get it back."

The loan, pitched to investors by then-new Chief Executive Officer Alan Mulally in late 2006, proved to be a lifesaver. It enabled Ford to withstand more than \$30 billion in losses from 2006 through 2008 and avoid the bailouts and bankruptcies that befell **General Motors** and **Chrysler Group**. And the timing, nine months before Lehman Brothers fell, was perfect.



By the time GM sought cash in 2007, banks weren't lending.

Now Ford is on the verge of reclaiming control of its insignia. The company has paid off \$21 billion of the \$23 billion loan and on April 24 recovered its investment-grade credit rating from Fitch. According to the covenants of the loan, once a second major rating agency lifts Ford to investment grade, the automaker gets back all the major assets it put up as collateral. "It's going to be great," Bill Ford says of reclaiming the logo. "It's a very personal thing to me and members of our family."

Now that Ford has regained traction, earning \$29 billion over the past three years, recovering the logo has become an obsession among its employees. "Getting the blue oval back has been a huge rallying cry," says Neil Schloss, Ford's treasurer, "and one that we all feel emotionally connected to."

Leslie Butterfield, global chief strategy officer for consultant Interbrand, says that's understandable since the whole process struck many Ford veterans as a particularly cruel humiliation. "How bad must things be if you're prepared to pawn your wedding ring?" Butterfield asks. "And therefore, how proud

will they be to get it back?"

The carmaker's emblem first appeared in 1927 on the nose of Henry Ford's new Model A. The cursive script inside it dates to at least 1906, when it appeared on the radiator of the Model N and later on the more famous Model T, according to automotive historian John Wolkonowicz. It was trademarked in 1909, the company says.

The script logo is not, as often thought, based on the founder's signature. Rather, it was created by Childe Harold Wills, a draftsman for Henry Ford. "The font was similar enough to Henry's own signature that it looked as if he was signing every car," says Bob Casey, senior curator of transportation at the Henry Ford museum in Dearborn, Mich. "But that was more happy coincidence than by design."

After World War II the blue oval disappeared, replaced by the Ford name in more modern-style block letters above car grilles. It wasn't until the automaker's 75th anniversary in 1978 that the founder's grandson, Henry Ford II, revived the oval marque. "Henry Ford II said, 'What the hell is this? We have no logo!'" Wolkonowicz says.

### Ford's Quest to Regain Its Blue Oval

