



BEST OF BOTH WORLDS: Jeff Hollander, CEO of Hollander Home Fashions in Boca Raton, managed to grow the family business by sharing production between the United States and China. The company is now one of the largest pillow manufacturers in the world. Photo/Michael Francis McElroy

Pillow talk all about profit

Boca firm grows via manufacturing in China, U.S.

BY DOREEN HEMLOCK
STAFF WRITER

Pillow maker Jeff Hollander faced a tough choice: either move all his manufacturing to lower-cost China following the lead of his rivals, or figure out a way to keep at least some production in the United States.

The chief executive of Boca Raton-based **Hollander Home Fashions Corp.** spent more than a year honing a plan to keep as many jobs in America as financially possible.

He transferred his fabric cutting

and sewing to China, where he also bought the cloth to cover his pillows. But he left the filling and finishing to U.S. employees, who now process the goods as needed for quick shipment to U.S. clients.

"With U.S. operations, I have much faster speed to market. I'm usually one day away by truck from any major retail distributor," he said.

The production-sharing plan highlights the innovative ways that U.S. manufacturers are responding to tough global competition. Some com-

panies also are turning to robotics to boost productivity. Others are focusing on custom production, often for luxury clientele.

So far, Hollander claims success: Company sales rose 13 percent last year to \$303 million, making the business the world's largest maker of bed pillows. And it still employs about 1,000 people in the United States, including 75 at its headquarters in South Florida,

■ PILLOWS CONTINUES ON 2D

HOLLANDER HOME FASHIONS CORP.

Business: One of the world's largest producers of bed pillows. Also makes comforters and other bedding products sold under its own brand name and to such companies as Laura Ashley.

Based: Boca Raton

Sales: \$303 million in 2006, up from \$267 million in 2005.

Operations: Mainly cuts fabric and sews in China; fills and finishes pillows in the United States.

Employees: Roughly 1,000 in China and 1,000 in the United States, including 75 in Boca Raton.

Split manufacturing is successful

■ PILLOWS

CONTINUED FROM PAGE 10

he said.

"If we hadn't moved some production to China, we'd probably be a small niche player. I wouldn't have half the volume we have today or half the staff we have in the United States," Hollander said. "It's better to keep half or one-third of U.S. jobs, instead of none."

Hollander's shared approach builds on a tradition in the business founded by his grandfather, Bernard, in 1953 in New Jersey. By the 1960s, the company opened plants in Los Angeles and Chicago to serve West Coast and Midwest markets more efficiently.

In the 1970s, it shifted some manufacturing to Georgia and Texas, where labor was cheaper and fabric mills closer. And in the 1990s, it began produc-

ing in Toronto to supply Canadian buyers, Hollander said.

That's when competition with low-cost China exploded, prompting many U.S. manufacturers to shut down U.S. plants and move to Asia.

The lure wasn't only China's direct labor costs, which run sometimes one-fifth U.S. rates. Chinese fabric makers and contractors also were more accommodating than American counterparts in many cases, said Hollander.

"I could get samples of fabric back from China faster than I could get return phone calls from U.S. factories," he said.

To date, Hollander has cut his U.S. employment about one-fourth from a peak of about 1,600 people in the 1990s.

Many U.S. manufacturers have slashed deeper, often replacing jobs with machines to

compete with low-cost China or sometimes, moving all production abroad.

South Florida has lost at least 55,000 manufacturing jobs since the 1990s, leaving roughly 145,000 today, the South Florida Manufacturers Association said. Many jobs left are in pharmaceuticals or the military, industries that need federal certification or "Made in the USA" labels and can't easily move overseas. Others are in small niche firms, said June Wolfe, association president.

"Being in full partnership with China, the way Hollander is, usually does not occur," Wolfe said.

The challenge remains, however, to keep relatively high-cost manufacturing jobs in the United States long term.

Hollander bemoans two key pressures at U.S. plants: a

shortage of skilled sewing workers and soaring costs for health insurance and other labor benefits.

To adapt, the company now uses more zipper closures on pillows that don't require skilled sewing staff. It sometimes employs part-timers who receive fewer labor benefits. And it is pushing immigration reform to bring in more workers to an industry long reliant on new arrivals.

"Every year, we look five years out. We ask, 'What are our obstacles?' And we figure out what we need to do to overcome them," Hollander said. "Too many people in manufacturing just throw up their arms and move offshore."

Doreen Hemlock can be reached at dhemlock@sun-sentinel.com or 305-810-5009.