

Vendor Squeeze Tightens

By Vicki M. Young

NEW YORK — The viselike squeeze being applied to smaller manufacturers is tightening further in the aftermath of the Sept. 11 terrorist attacks.

Despite the economy, sputtering even before the events of two weeks ago, it's not a credit crunch that's the main concern. The concern of some factors and others in the business community is that retailers, looking to defend their bottom lines against further erosion, are unilaterally canceling orders and in some cases even looking for discounts on reorders they've already placed. Some of those cancellations are being is-

sued after the allotted time to do so has passed, and in some cases they are being applied to private label goods for which there is no secondary market.

Howard Bader, an attorney at Ballou Stoll Bader & Nadler, representing several apparel manufacturers, said: "Many of my clients do a volume of over \$100 million per year. Besides the shock of Sept. 11's events, some are now getting roughed up by retailers. My clients had firm orders and they did not go past any due dates. Already retailers have canceled or cut some of their orders. My clients in women's wear and urbanwear have each lost a minimum of 25 percent of the

shipments they were expecting to make. They are stuck eating this stuff. Some were having difficulties and now this could put them over the brink."

To be sure, many vendors have long complained about how certain retailers use markdown money and chargebacks as a means of shifting the burden of profit generation in the direction of their suppliers. The current gripes, however, transcend the ordinary and translate into de facto accusations that stores are unfairly penalizing manufacturers in the midst of a national crisis, and doing so in a way that could put many out of business.

Continued on page 13