

In His Own Words: Dov Charney

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In an interview with WWD, American Apparel chief executive officer Dov Charney vigorously defended his management of the company and the importance of domestic production. Here's what the opinionated and indefatigable Charney had to say.

On American Apparel's disclosure that it might not be able to continue as a going concern: "When you are a public company, you have to disclose risk. We have an obligation to do that. Whether or not we feel these risks are likely or not, we have to disclose what, reasonably speaking, shareholders should be aware of. Some of these risks might not be front and center for me, but it's important that we disclose them just the same.

"There's a chance that you get hit by a car. There's a chance you get a disease. But they are chances. But there's also a likelihood that the [financial] covenant will be worked out, as it has in the past."

- [American Apparel's Stock Continued Slide](#)

On the possibility of replacing him as ceo: "That's not a question that comes up. No one would

ask me that. Let's replace the ceo — what happens? How do you know that I'm not running the business as sharp as a tack, given the circumstances I've been given? Who's to say that I'm doing such a bad job? How does it get better with a new ceo? The only thing you could do is move production offshore. Put it in a horrible factory in Vietnam at 30 cents an hour.

"We are paying \$10 to \$12 an hour. It's amazing that I can even break even. That's the real story here. The whole industry has gone to cheap offshore production. They can't even afford China now. If I were to leave and another ceo were to come in, what they would have to do is give up and move half of our production overseas in an instant. There would be huge job losses at our company. I wouldn't give up on that after investing my life into this company."

On American Apparel stores: "I think there is a 10 to 30 percent opportunity in most of our stores, in terms of increasing store productivity. There's no question demand is down for everyone. Retailers have to work harder to create a scenario where garments are being bought by customers. It's a lot more work than it was. We have a very wide store base and we've had a lot of distractions. We're also in a lot of different markets, unlike, say, a Macy's. In Italy, we're seeing positive same-store sales, yet in Japan, we're not, and in China, we are. We're in 22 countries. As we recalibrate the business, we could get into a situation where the company becomes highly profitable."

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